

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
West Villages Improvement District
City of North Port, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of West Villages Improvement District, City of North Port, Florida (the "District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of state financial assistance projects is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General of the State of Florida, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance projects is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

August 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of West Villages Improvement District, City of North Port, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$15,878,644.
- The change in the District's total net position in comparison with the prior fiscal year was \$(102,123,797), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2020, the District's governmental funds reported combined ending fund balances of \$14,962,244, an increase of \$6,124,381 in comparison with the prior fiscal year. A portion of the total fund balance is restricted for debt service, capital projects, assigned to road resurfacing, and the remainder mostly unassigned general fund balance.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and maintenance operations. The business-type activities of the District include irrigation services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains thirteen individual governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Unit 1, Unit 2 Series 2005 and 2019, Unit 3, Unit 4, Unit 5, Unit 7 debt service funds and Unit 1, Unit 2 Series 2005, Unit 3, Unit 5, Unit 7 capital projects funds, all of which are considered to be major funds. The Unit 2 Series 2005 debt service fund and the Unit 2 Series 2005 capital projects fund was closed out during the current fiscal year.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Fund

The District maintains one type of proprietary fund, an enterprise fund. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of the irrigation services within the District, which are included in Unit 6 of the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key components of the District's net position are reflected in the following table:

| | NET POSITION | | | | | |
|----------------------------------|-------------------------|----------------|--------------------------|--------------|---------------|----------------|
| | SEPTEMBER 30, | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 17,984,254 | \$ 31,278,784 | \$ 475,184 | \$ 180,177 | \$ 18,459,438 | \$ 31,458,961 |
| Capital assets, net | 159,568,636 | 267,999,322 | 1,226,123 | 1,129,940 | 160,794,759 | 269,129,262 |
| Total assets | 177,552,890 | 299,278,106 | 1,701,307 | 1,310,117 | 179,254,197 | 300,588,223 |
| Current liabilities | 5,481,543 | 24,806,843 | 969,869 | 239,958 | 6,451,412 | 25,046,801 |
| Long-term liabilities | 156,924,141 | 157,538,981 | - | - | 156,924,141 | 157,538,981 |
| Total liabilities | 162,405,684 | 182,345,824 | 969,869 | 239,958 | 163,375,553 | 182,585,782 |
| Net position | | | | | | |
| Net investment in capital assets | 2,214,495 | 105,415,341 | 514,220 | 1,129,940 | 2,728,715 | 106,545,281 |
| Restricted | 9,933,527 | 10,944,637 | - | - | 9,933,527 | 10,944,637 |
| Unrestricted | 2,999,184 | 572,304 | 217,218 | (59,781) | 3,216,402 | 512,523 |
| Total net position | \$ 15,147,206 | \$ 116,932,282 | \$ 731,438 | \$ 1,070,159 | \$ 15,878,644 | \$ 118,002,441 |

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position decreased during the most recent fiscal year. The majority of the decrease was due to the conveyance of the spring training facility during the current fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key elements of the change in net position are reflected in the following table:

| | CHANGES IN NET POSITION | | | | | |
|---|---|----------------|--------------------------|--------------|---------------|----------------|
| | FOR THE FISCAL YEAR ENDED SEPTEMBER 30, | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 8,106,486 | \$ 7,323,082 | \$ 418,227 | \$ 339,608 | \$ 8,524,713 | \$ 7,662,690 |
| Operating grants and contributions | 5,920,031 | 3,760,649 | - | - | 5,920,031 | 3,760,649 |
| Capital grants and contributions | 8,267,653 | 41,194,879 | - | - | 8,267,653 | 41,194,879 |
| General revenues | | | | | | |
| Unrestricted investment earnings | 6,916 | 6,478 | 263 | 77 | 7,179 | 6,555 |
| Miscellaneous | 139,780 | 125,317 | - | - | 139,780 | 125,317 |
| Total revenues | 22,440,866 | 52,410,405 | 418,490 | 339,685 | 22,859,356 | 52,750,090 |
| Expenses: | | | | | | |
| General government | 2,338,751 | 815,458 | - | - | 2,338,751 | 815,458 |
| Maintenance and operations | 2,782,997 | 2,270,183 | - | - | 2,782,997 | 2,270,183 |
| Interest | 6,919,742 | 6,939,751 | - | - | 6,919,742 | 6,939,751 |
| Bond issue costs | 211,500 | 727,755 | - | - | 211,500 | 727,755 |
| Conveyance of spring training facility | 117,186,052 | - | - | - | 117,186,052 | - |
| Irrigation services | - | - | 757,211 | 338,682 | 757,211 | 338,682 |
| Total expenses | 129,439,042 | 10,753,147 | 757,211 | 338,682 | 130,196,253 | 11,091,829 |
| Transfers | - | (277,977) | - | 277,977 | - | - |
| Special item - gain on cancellation of debt | 5,213,100 | - | - | - | 5,213,100 | - |
| Change in net position | (101,785,076) | 41,379,281 | (338,721) | 278,980 | (102,123,797) | 41,658,261 |
| Net position - beginning | 116,932,282 | 75,553,001 | 1,070,159 | 791,179 | 118,002,441 | 76,344,180 |
| Net position - ending | \$ 15,147,206 | \$ 116,932,282 | \$ 731,438 | \$ 1,070,159 | \$ 15,878,644 | \$ 118,002,441 |

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2020 was \$129,439,042. The costs of the District's activities were partially paid by program revenues and general revenues. Program revenues were comprised primarily of assessments, Developer contributions, and other contributions for both the current year and prior year. The increase in expenses was due to the conveyance of the spring training facility.

Business-type activities

Business-type activities reflect the operations of the irrigation system within the District. The cost of operations is covered partially by charges to customers.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The fiscal year 2020 general fund budget was amended to increase revenues by \$13,600,764, increase appropriations by \$14,721,764. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the District had \$172,111,547 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$12,542,911 has been taken, which resulted in a net book value of \$159,568,636. The District's business-type activities reported net capital assets of \$1,226,123. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2020, the District had \$153,562,949 in Bonds and Notes outstanding and \$3,945,031 in Developer advances for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND OTHER EVENTS

Subsequent to fiscal year end, the District has continued its capital projects which include development of infrastructure improvements for residential and commercial areas, the construction of a wastewater treatment facility which will be conveyed to other entities for ownership and maintenance upon completion.

Subsequent to year end, the District issued \$7,975,000 of Series 2021 Special Assessment Revenue Bonds (Unit 7), due dates ranging from November 1, 2022 to November 1, 2051 with interest rates of 2.50% - 4.00%. The Bonds were issued for the purpose of financing the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2021.

Subsequent to year end, the District issued \$13,000,000 of Series 2021 Special Assessment Revenue Bonds (Unit 8), due dates ranging from November 1, 2022 to November 1, 2051 with interest rates of 2.50% - 4.00%. The Bonds were issued for the purpose of financing the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the West Villages Improvement District's management services at Special District Services, Inc., 2501A Burns Road, Palm Beach Gardens, Florida 33410.

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

| | Governmental Activities | Business-type Activities | Total |
|-------------------------------------|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash | \$ 2,781,360 | \$ 127,519 | \$ 2,908,879 |
| Due from Developers | 1,644,220 | 347,665 | 1,991,885 |
| Assessments receivable - Developers | 1,066,233 | - | 1,066,233 |
| Other assets | 2,325 | - | 2,325 |
| Restricted assets: | | | |
| Investments | 12,490,116 | - | 12,490,116 |
| Capital assets: | | | |
| Nondepreciable | 141,324,759 | - | 141,324,759 |
| Depreciable, net | 18,243,877 | 1,226,123 | 19,470,000 |
| Total assets | <u>177,552,890</u> | <u>1,701,307</u> | <u>179,254,197</u> |
| LIABILITIES | | | |
| Accounts payable | 545,882 | 257,966 | 803,848 |
| Contracts and retainage payable | 1,332,734 | - | 1,332,734 |
| Accrued interest payable | 2,759,533 | - | 2,759,533 |
| Escrow deposits | 13,793 | - | 13,793 |
| Due to Bondholders: | | | |
| Principal | 430,000 | - | 430,000 |
| Interest | 399,601 | - | 399,601 |
| Non-current liabilities: | | | |
| Due within one year* | 5,362,868 | - | 5,362,868 |
| Due in more than one year | 147,616,242 | - | 147,616,242 |
| Due to Developer | 3,945,031 | 711,903 | 4,656,934 |
| Total liabilities | <u>162,405,684</u> | <u>969,869</u> | <u>163,375,553</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,214,495 | 514,220 | 2,728,715 |
| Restricted for capital projects | 1,292,403 | - | 1,292,403 |
| Restricted for debt service | 8,641,124 | - | 8,641,124 |
| Unrestricted | 2,999,184 | 217,218 | 3,216,402 |
| Total net position | <u>\$ 15,147,206</u> | <u>\$ 731,438</u> | <u>\$ 15,878,644</u> |

* The missed debt service payment due for the Series 2019 Bonds are reflected in the due to Bondholders account balance.

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | Total |
|---|------------------|-------------------------|--|--|--|-----------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 2,338,751 | \$ 1,716,318 | \$ - | \$ - | \$ (622,433) | \$ - | \$ (622,433) |
| Maintenance and operations | 2,782,997 | - | 2,264,527 | 8,267,653 | 7,749,183 | - | 7,749,183 |
| Interest on long-term debt | 6,919,742 | 6,390,168 | 3,655,504 | - | 3,125,930 | - | 3,125,930 |
| Conveyance of spring training facility | 117,186,052 | - | - | - | (117,186,052) | - | (117,186,052) |
| Bond issue costs | 211,500 | - | - | - | (211,500) | - | (211,500) |
| Total governmental activities | 129,439,042 | 8,106,486 | 5,920,031 | 8,267,653 | (107,144,872) | - | (107,144,872) |
| Business-type activities: | | | | | | | |
| Irrigation services | 757,211 | 418,227 | - | - | - | (338,984) | (338,984) |
| Total business-type activities | 757,211 | 418,227 | - | - | - | (338,984) | (338,984) |
| General revenues: | | | | | | | |
| Unrestricted investment earnings | | | | | 6,916 | 263 | 7,179 |
| Miscellaneous | | | | | 139,780 | - | 139,780 |
| Total general revenues | | | | | 146,696 | 263 | 146,959 |
| Special item - gain on cancellation of debt | | | | | 5,213,100 | - | 5,213,100 |
| Change in net position | | | | | (101,785,076) | (338,721) | (102,123,797) |
| Net position - beginning | | | | | 116,932,282 | 1,070,159 | 118,002,441 |
| Net position - ending | | | | | \$ 15,147,206 | \$ 731,438 | \$ 15,878,644 |

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| | Major Funds | | | | | | |
|--|---------------------|------------------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| | Debt Service | | | | | | |
| | General | Unit 1 Series 2007 & 2017 | Unit 2 Series 2019 | Unit 3 Series 2006 & 2017 | Unit 4 Series 2016 | Unit 5 Series 2017 | Unit 7 Series 2019 |
| ASSETS | | | | | | | |
| Cash | \$ 2,781,360 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | 1,332,789 | 786,284 | 397,502 | 875,553 | 5,661,596 | 2,066,984 |
| Due from Developers | 1,644,220 | - | - | - | - | - | - |
| Assessments receivable - Developers | - | - | - | 79,816 | 264,464 | - | 721,953 |
| Other assets | 2,325 | - | - | - | - | - | - |
| Total assets | <u>\$ 4,427,905</u> | <u>\$ 1,332,789</u> | <u>\$ 786,284</u> | <u>\$ 477,318</u> | <u>\$ 1,140,017</u> | <u>\$ 5,661,596</u> | <u>\$ 2,788,937</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 468,877 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contracts and retainage payable | 1,332,734 | - | - | - | - | - | - |
| Escrow deposits | 13,793 | - | - | - | - | - | - |
| Due to Bondholders: | | | | | | | |
| Principal | - | - | 430,000 | - | - | - | - |
| Interest | - | - | 399,601 | - | - | - | - |
| Total liabilities | <u>1,815,404</u> | <u>-</u> | <u>829,601</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue | 300,000 | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>300,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | - | 1,332,789 | - | 477,318 | 1,140,017 | 5,661,596 | 2,788,937 |
| Capital projects | - | - | - | - | - | - | - |
| Assigned to: | | | | | | | |
| Road resurfacing | 494,452 | - | - | - | - | - | - |
| Unassigned | 1,818,049 | - | (43,317) | - | - | - | - |
| Total fund balances | <u>2,312,501</u> | <u>1,332,789</u> | <u>(43,317)</u> | <u>477,318</u> | <u>1,140,017</u> | <u>5,661,596</u> | <u>2,788,937</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,427,905</u> | <u>\$ 1,332,789</u> | <u>\$ 786,284</u> | <u>\$ 477,318</u> | <u>\$ 1,140,017</u> | <u>\$ 5,661,596</u> | <u>\$ 2,788,937</u> |

(Continued)

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020
(Continued)**

| | Major Funds | | | | Total Governmental Funds |
|---|------------------------------|------------------------------|-----------------------|-----------------------|--------------------------------|
| | Capital Projects | | | | |
| | Unit 1 Series 2007 & 2017 | Unit 3 Series 2006 & 2017 | Unit 5 Series 2017 | Unit 7 Series 2019 | |
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ 2,781,360 |
| Investments | 397 | 231,037 | 319 | 1,137,655 | 12,490,116 |
| Due from Developers | - | - | - | - | 1,644,220 |
| Assessments receivable - Developers | - | - | - | - | 1,066,233 |
| Other assets | - | - | - | - | 2,325 |
| Total assets | <u>\$ 397</u> | <u>\$ 231,037</u> | <u>\$ 319</u> | <u>\$ 1,137,655</u> | <u>\$ 17,984,254</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | 77,005 | \$ - | \$ - | \$ 545,882 |
| Contracts and retainage payable | - | - | - | - | 1,332,734 |
| Escrow deposits | - | - | - | - | 13,793 |
| Due to Bondholders: | | | | | |
| Principal | - | - | - | - | 430,000 |
| Interest | - | - | - | - | 399,601 |
| Total liabilities | <u>-</u> | <u>77,005</u> | <u>-</u> | <u>-</u> | <u>2,722,010</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | - | - | 300,000 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>300,000</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Debt service | - | - | - | - | 11,400,657 |
| Capital projects | 397 | 154,032 | 319 | 1,137,655 | 1,292,403 |
| Assigned to: | | | | | |
| Road resurfacing | - | - | - | - | 494,452 |
| Unassigned | - | - | - | - | 1,774,732 |
| Total fund balances | <u>397</u> | <u>154,032</u> | <u>319</u> | <u>1,137,655</u> | <u>14,962,244</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 397</u> | <u>\$ 231,037</u> | <u>\$ 319</u> | <u>\$ 1,137,655</u> | <u>\$ 17,984,254</u> |

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

Fund balance - governmental funds \$ 14,962,244

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation, in the net position of the government as a whole.

| | | |
|--------------------------|---------------------|-------------|
| Cost of capital assets | 172,111,547 | |
| Accumulated depreciation | <u>(12,542,911)</u> | 159,568,636 |

| | | |
|--|--|---------|
| Assets that are not available to pay for current-period expenditures are unavailable in the fund statements. | | 300,000 |
|--|--|---------|

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

| | | |
|---|--------------------|----------------------|
| Accrued interest payable | (2,759,533) | |
| Bonds payable * | (152,979,110) | |
| Due to Developers | <u>(3,945,031)</u> | <u>(159,683,674)</u> |
| Net position of governmental activities | | <u>\$ 15,147,206</u> |

* The missed debt service payment due for the Series 2019 Bonds are reflected in the due to Bondholders account balance.

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Major Funds | | | | | | | |
|--|---------------------|------------------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| | General | Debt Service | | | | | | |
| | | Unit 1 Series 2007 & 2017 | Unit 2 Series 2005 | Unit 2 Series 2019 | Unit 3 Series 2006 & 2017 | Unit 4 Series 2016 | Unit 5 Series 2017 | Unit 7 Series 2019 |
| REVENUES | | | | | | | | |
| Assessments | \$ 1,716,318 | \$ 2,364,516 | \$ - | \$ 1,350,271 | \$ 1,339,986 | \$ 848,024 | \$ - | \$ 721,953 |
| Developers contributions | 290,733 | - | - | - | - | - | 2,588,596 | - |
| Developers contributions - capital | 8,265,150 | - | - | - | - | - | - | - |
| Contributions other governments | 1,973,794 | - | - | - | - | - | 999,996 | - |
| Miscellaneous | 139,780 | - | - | - | - | - | - | - |
| Interest income | 6,916 | 1,262 | 6,493 | 545 | 395 | 680 | 54,949 | 2,588 |
| Total revenues | 12,392,691 | 2,365,778 | 6,493 | 1,350,816 | 1,340,381 | 848,704 | 3,643,541 | 724,541 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,325,751 | - | 13,000 | - | - | - | - | - |
| Maintenance and operations | 1,508,261 | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | |
| Principal | - | 1,080,000 | - | 1,185,000 | 655,000 | 235,000 | 1,741,560 | - |
| Interest | - | 1,315,244 | - | 991,158 | 689,785 | 594,066 | 1,847,532 | 1,616,239 |
| Bond issue costs | - | - | - | 211,500 | - | - | - | - |
| Capital outlay | 9,103,615 | - | - | - | - | - | - | - |
| Total expenditures | 12,937,627 | 2,395,244 | 13,000 | 2,387,658 | 1,344,785 | 829,066 | 3,589,092 | 1,616,239 |
| Excess (deficiency) of revenues over (under) expenditures | (544,936) | (29,466) | (6,507) | (1,036,842) | (4,404) | 19,638 | 54,449 | (891,698) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Developer advances | 3,945,031 | - | - | - | - | - | - | - |
| Transfer in (out) | (628,963) | - | (987,946) | 993,525 | - | - | - | - |
| Total other financing sources (uses) | 3,316,068 | - | (987,946) | 993,525 | - | - | - | - |
| SPECIAL ITEMS | | | | | | | | |
| Gain on cancellation of debt | - | - | 5,543,100 | - | - | - | - | - |
| Net change in fund balances | 2,771,132 | (29,466) | 4,548,647 | (43,317) | (4,404) | 19,638 | 54,449 | (891,698) |
| Fund balances - beginning | (458,631) | 1,362,255 | (4,548,647) | - | 481,722 | 1,120,379 | 5,607,147 | 3,680,635 |
| Fund balances - ending | \$ 2,312,501 | \$ 1,332,789 | \$ - | \$ (43,317) | \$ 477,318 | \$ 1,140,017 | \$ 5,661,596 | \$ 2,788,937 |

(Continued)

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
(Continued)**

| | Major Funds | | | | | Total Governmental Funds |
|--|------------------------------|-----------------------|------------------------------|-----------------------|-----------------------|--------------------------------|
| | Capital Projects | | | | | |
| | Unit 1 Series 2007 & 2017 | Unit 2 Series 2005 | Unit 3 Series 2006 & 2017 | Unit 5 Series 2017 | Unit 7 Series 2019 | |
| REVENUES | | | | | | |
| Assessments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,341,068 |
| Developers contributions | - | - | - | - | - | 2,879,329 |
| Developers contributions - capital | - | - | - | - | - | 8,265,150 |
| Contributions other governments | - | - | - | - | - | 2,973,790 |
| Miscellaneous | - | - | - | - | - | 139,780 |
| Interest income | - | 12 | 246 | - | 2,245 | 76,331 |
| Total revenues | - | 12 | 246 | - | 2,245 | 22,675,448 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | 2,338,751 |
| Maintenance and operations | - | - | 13,450 | - | - | 1,521,711 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 4,896,560 |
| Interest | - | - | - | - | - | 7,054,024 |
| Bond issue costs | - | - | - | - | - | 211,500 |
| Capital outlay | - | - | 129,283 | - | 783,754 | 10,016,652 |
| Total expenditures | - | - | 142,733 | - | 783,754 | 26,039,198 |
| Excess (deficiency) of revenues over (under) expenditures | - | 12 | (142,487) | - | (781,509) | (3,363,750) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Developer advances | - | - | - | - | - | 3,945,031 |
| Transfer in (out) | - | (5,579) | - | - | 628,963 | - |
| Total other financing sources (uses) | - | (5,579) | - | - | 628,963 | 3,945,031 |
| SPECIAL ITEMS | | | | | | |
| Gain on cancellation of debt | - | - | - | - | - | 5,543,100 |
| Net change in fund balances | - | (5,567) | (142,487) | - | (152,546) | 6,124,381 |
| Fund balances - beginning | 397 | 5,567 | 296,519 | 319 | 1,290,201 | 8,837,863 |
| Fund balances - ending | \$ 397 | \$ - | \$ 154,032 | \$ 319 | \$ 1,137,655 | \$ 14,962,244 |

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | |
|--|-------------------------|
| Net change in fund balances - total governmental funds | \$ 6,124,381 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position. | 10,016,652 |
| Governmental funds report Developer advances as financial resources when cash is received, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position. | (3,945,031) |
| Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. | 4,896,560 |
| Conveyances of infrastructure improvements to other governments of previously capitalized capital assets is recorded as an expense in the statement of activities. | (117,186,052) |
| Depreciation of capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities. | (1,261,286) |
| Amortization of Bond discounts/premiums is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. | (6,689) |
| Difference between gain on cancellation of debt s not recorded on the government wide financial statements. | (330,000) |
| Certain revenues were unavailable for the governmental fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements. | (234,582) |
| The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements. | 140,971 |
| Change in net position of governmental activities | <u>\$ (101,785,076)</u> |

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2020**

| | <u>Business-type Activities - Irrigation Fund</u> |
|---|---|
| ASSETS | |
| Current assets: | |
| Cash and equivalents | \$ 127,519 |
| Due from Developers | <u>347,665</u> |
| Total current assets | <u>475,184</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Irrigation system | 1,270,662 |
| Less accumulated depreciation | <u>(44,539)</u> |
| Total capital assets, net of depreciation | <u>1,226,123</u> |
| Total noncurrent assets | <u>1,226,123</u> |
| Total assets | <u>1,701,307</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued expenses | <u>257,966</u> |
| Total current liabilities | <u>257,966</u> |
| Noncurrent liabilities | |
| Due to Developer | <u>711,903</u> |
| Total noncurrent liabilities | <u>711,903</u> |
| Total liabilities | <u>969,869</u> |
| NET POSITION | |
| Investment in capital assets | 514,220 |
| Unrestricted | <u>217,218</u> |
| | <u>\$ 731,438</u> |

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Business-type Activities - Irrigation Fund</u> |
|--|---|
| Operating revenues: | |
| Charges for services: | |
| Irrigation revenues | \$ 418,227 |
| Total operating revenues | <u>418,227</u> |
| | |
| Operating expenses: | |
| Irrigation services | 490,229 |
| Administrative and other | 222,443 |
| Depreciation | 44,539 |
| Total operating expenses | <u>757,211</u> |
| | |
| Operating income (loss) | <u>(338,984)</u> |
| | |
| Nonoperating revenues (expenses): | |
| Interest income | <u>263</u> |
| Total nonoperating revenues (expenses) | <u>263</u> |
| | |
| Change in net position | (338,721) |
| | |
| Total net position - beginning | <u>1,070,159</u> |
| | |
| Total net position - ending | <u>\$ 731,438</u> |

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | |
|---|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 426,766 |
| Payments for goods and services | (694,664) |
| Net cash provided (used) by operating activities | <u>(267,898)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Due from other funds | 14,784 |
| Net cash provided (used) by non-capital financing activities | <u>14,784</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from Developer contributions | 480,801 |
| Purchase of capital assets | (140,722) |
| Net cash provided (used) by capital and related financing activities | <u>340,079</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest income | 263 |
| Net cash provided (used) by investing activities | <u>263</u> |
| Net increase (decrease) in cash and cash equivalents | 87,228 |
| Cash and cash equivalents - October 1 | <u>40,291</u> |
| Cash and cash equivalents - September 30 | <u>\$ 127,519</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Operating income (loss) | \$ (338,984) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation | 44,539 |
| (Increase)/Decrease in: | |
| Other assets | 8,539 |
| Increase/(Decrease) in: | |
| Accounts payable | 203,421 |
| Unearned revenue | (185,413) |
| Total adjustments | <u>71,086</u> |
| Net cash provided (used) by operating activities | <u>\$ (267,898)</u> |

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

West Villages Improvement District ("District") was created on July 23, 2004. The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 2004-456 Laws of Florida.

The District provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is being developed by separate Developers, a Master Developer and by other Homebuilders. The Master Developers are Thomas Ranch Land Partners Village, LLP ("Thomas Ranch") a subsidiary of Mattamy Homes who assumed responsibility as the major developer for Unit 1, replacing Fourth Quarter Properties XXXII, LLC and became the new majority owner for the District. Other Developers include Lennar Homes, Inc. ("Lennar"), Gran Paradiso I and II, and Pulte Homes, LP. At September 30, 2020, a majority of the Board Members are affiliated with Thomas Ranch. All references to ("Developer") include all of the entities associated with the District. The District has previously created five separate development units – Units 1, 2, 3, 4 and 5. During a prior year Unit 6 was created for the construction of the Master Irrigation system, which is funded by the Master Developer and by fees generated from an approved rate structure. During a prior fiscal year, Unit 7 was created for the development of Unit 7 infrastructure improvements. Subsequent to year end, Unit 8 was created for the development of Unit 8 infrastructure improvements.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Funds - Unit 1, Unit 2 (2005) and (2019), Unit 3, Unit 4, Unit 5 and Unit 7

The debt service funds for each unit are used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt for each development unit. The Unit 2 (2005) debt service fund was closed during the current fiscal year as the 2005 Bonds have been restructured.

Capital Projects Funds - Unit 1, Unit 2, Unit 3, Unit 5 and Unit 7

This funds accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District for each development unit. The Unit 2 capital projects fund was closed out during the current fiscal year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following enterprise fund:

Irrigation Fund

The Irrigation Fund accounts for the operations of the irrigation lines, which are funded by proceeds from operations of these facilities including user fees, meter fees and connection fees.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

Capital assets which include property, plant and equipment, infrastructure assets, (e.g., roads, sidewalks and similar items) and construction in progress are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------------|--------------|
| Water Management & Environmental | 30 |
| Roadways | 25 |
| Gateway Entry | 15 |
| Landscape & Lighting | 10 |
| Irrigation System | 30 |

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2020:

| <u>Investment</u> | <u>Amortized cost</u> | <u>Credit Risk</u> | <u>Maturities</u> |
|---|-----------------------|--------------------|-------------------|
| US Bank Money Market Account | \$ 8,406,798 | Not Available | Not available |
| Florida Education Investment Trust Fund | 4,083,318 | Not Available | Not available |
| | <u>\$ 12,490,116</u> | | |

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indentures limit the type of investments held using unspent proceeds.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2020 were as follows:

| <u>Fund</u> | <u>Transfer in</u> | <u>Transfer out</u> |
|--------------------------------|---------------------|-----------------------|
| General | \$ - | \$ (628,963) |
| Debt service Unit 2 (2005) | - | (987,946) |
| Debt service Unit 2 (2019) | 993,525 | - |
| Capital projects Unit 2 (2005) | - | (5,579) |
| Capital projects Unit 7 (2019) | 628,963 | - |
| Total | <u>\$ 1,622,488</u> | <u>\$ (1,622,488)</u> |

Transfers from Unit 2 (2005) debt service fund to the Unit 2 (2019) debt service fund were done to close out the Unit 2 (2005) fund upon the restructuring of the debt. Transfers from general fund to the Unit 7 capital projects fund were done to pay for expenditures incurred by the Unit 7 Capital Projects Fund as funds related to the Unit 7 Master Infrastructure have been expended. Remaining funds in the Unit 7 Capital projects fund are for the Unit 7 Village B project.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|----------------|-------------------|
| <u>Governmental activities</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 12,837,903 | \$ - | \$ - | \$ 12,837,903 |
| Infrastructure in progress | 66,887,440 | 7,864,996 | - | 74,752,436 |
| Infrastructure in progress - wastewater treatment plant | 52,256,876 | 1,477,544 | - | 53,734,420 |
| Infrastructure in progress - spring training facility | 116,511,940 | 674,112 | 117,186,052 | - |
| Total capital assets, not being depreciated | 248,494,159 | 10,016,652 | 117,186,052 | 141,324,759 |
| Capital assets, being depreciated | | | | |
| Water Management and Environmental | 11,789,257 | - | - | 11,789,257 |
| Roadways | 10,724,668 | - | - | 10,724,668 |
| Gateway Entry | 4,893,883 | - | - | 4,893,883 |
| Landscape and Lighting - Unit 3 | 3,378,980 | - | - | 3,378,980 |
| Total capital assets, being depreciated | 30,786,788 | - | - | 30,786,788 |
| Less accumulated depreciation for: | | | | |
| Water Management and Environmental | 2,968,807 | 282,521 | - | 3,251,328 |
| Roadways | 3,303,447 | 314,614 | - | 3,618,061 |
| Gateway Entry | 3,235,406 | 326,253 | - | 3,561,659 |
| Landscape and Lighting - Unit 3 | 1,773,965 | 337,898 | - | 2,111,863 |
| Total accumulated depreciation | 11,281,625 | 1,261,286 | - | 12,542,911 |
| Total capital assets, being depreciated, net | 19,505,163 | (1,261,286) | - | 18,243,877 |
| Governmental activities capital assets, net | \$ 267,999,322 | \$ 8,755,366 | \$ 117,186,052 | \$ 159,568,636 |
| <u>Business type activities</u> | | | | |
| Capital assets, being depreciated | | | | |
| Irrigation system | \$ 1,129,940 | \$ 140,722 | \$ - | \$ 1,270,662 |
| Total capital assets, being depreciated | 1,129,940 | 140,722 | - | 1,270,662 |
| Less accumulated depreciation for: | | | | |
| Irrigation system | - | 44,539 | - | 44,539 |
| Total accumulated depreciation | - | 44,539 | - | 44,539 |
| Total capital assets, being depreciated, net | 1,129,940 | 96,183 | - | 1,226,123 |
| Business type activities capital assets, net | \$ 1,129,940 | \$ 96,183 | \$ - | \$ 1,226,123 |

Depreciation expense was charged to maintenance and operations.

Governmental activities

Costs incurred to-date relate to Development Unit No. 1, No. 2, No. 3 and No. 4, No. 5 and No. 7. Certain improvements were acquired directly from the Developer. The total anticipated project costs have been estimated at approximately \$30 million for Unit No. 1, \$34 million for Unit No. 2, \$47 million for Unit No. 3 and \$30 million for Unit No. 4, \$117 million for Unit 5 and \$58 million for Unit 7. Lennar has agreed to complete the infrastructure improvements for Unit No. 3 which are not paid from the proceeds of the Unit 3 Bonds. Unit No. 3 was completed in the prior fiscal year.

Funding for the Unit 5 improvements are derived from multiple sources which include contributions from certain Developers, City of North Port, Sarasota County, the State of Florida and Atlanta National League Baseball Club, LLC ("Atlanta Braves"). The Unit 5 improvements were conveyed to the County during the current fiscal year.

NOTE 6 – CAPITAL ASSETS (Continued)

Governmental activities (Continued)

Certain improvements will be conveyed to other entities upon completion of the various developments, which include but are not limited to the wastewater treatment plant and the other improvements. During the current fiscal year the Developer contributed approximately \$7,100,000 towards the construction of the Unit 7 improvements. In addition, the Developer contributed approximately \$1,200,000 for the Unit 5 improvements.

The District has entered an agreement with the Developer, whereby the Developer has agreed to provide funding for the completion of the wastewater treatment plant. The waste water treatment plant will be conveyed to another entity for ownership and maintenance upon completion. During the current year the Developer advanced \$3,945,031 towards the construction of the wastewater treatment plant. See Note 7. The total cost of the project is estimated at approximately \$45 million.

Business type activities

Unit No. 6 is comprised of the Master Irrigation Facility. The project was completed during the prior fiscal year. The original agreements with the Developer provided for Developer contributions for funding of the improvements and any costs overruns related to the Master Irrigation Facility. The original agreements and or new agreements have been modified to provide for reimbursement to the Developer of amounts advanced under certain conditions. Developer advances of \$711,903 have been recorded as a liability on the financial statements.

NOTE 7 – LONG TERM LIABILITIES

Series 2005 (Unit 2)

On November 5, 2005, the District issued \$38,005,000 of Special Assessment Bonds, Series 2005 (Unit 2) for Unit of Development No. 2, consisting of \$32,365,000 Term Bonds Series 2005 due on May 1, 2036 with a fixed interest rate of 5.80% and \$5,640,000 Term Bonds Series 2005 due on May 1, 2015 with a fixed interest rate of 5.350%. The Bonds were issued to pay off the Bond Anticipation Notes, Series 2005 and to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the 2005 Bonds is to be paid serially commencing May 1, 2007 through May 1, 2036. Bond was restructured see Series 2019 (Unit 2).

Series 2016 (Unit 4)

On November 15, 2016, the District issued \$13,090,000 of Special Assessment Revenue Bonds, Series 2016 (Unit 4), due November 1, 2046 with interest rates of 3.375% to 5.0%. The Bonds were issued for the purpose of financing the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing May 1, 2017. Principal is paid serially commencing November 1, 2017 through November 1, 2046.

Series 2017 (Unit 1)

On August 31, 2017, the District issued \$32,165,000 of Special Assessment Revenue Refunding Bonds, Series 2017 (Unit 1), due May 1, 2037 with interest rates of 3.50% - 4.625%. The Bonds were issued for the purpose of refunding the District's outstanding Series 2007 Special Assessment Revenue Bonds (the "Refunded Bonds"), and to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing May 1, 2018. Principal is paid serially commencing May 1, 2018 through May 1, 2038.

Series 2017 (Unit 3)

On August 31, 2017, the District issued \$16,550,000 of Special Assessment Revenue Refunding Bonds, Series 2017 (Unit 3), due May 1, 2037 with interest rates of 3.50% - 5.00%. The Bonds were issued for the purpose of refunding the District's outstanding Series 2006 Special Assessment Revenue Bonds (the "Refunded Bonds") and to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2017. Principal is paid serially commencing May 1, 2018 through May 1, 2037.

NOTE 7 – LONG TERM LIABILITIES (Continued)

Series 2017A (Unit 5)

On December 21, 2017, the District issued \$13,955,000 of Taxable Florida State Sales Tax Payments Revenue Bonds, Series 2017A, consisting of multiple term bonds with due dates ranging from February 1, 2019 – February 1, 2038 and fixed interest rates ranging from 2.277% to 3.831%. The Bonds were issued for the purpose of funding a portion of the costs of the 2017 Project. Interest is paid semiannually on each August 1 and February 1, commencing August 1, 2018. Principal is paid serially commencing August 1, 2018 through February 1, 2038. Principal and interest on the Bonds are to be paid with Florida State Sales Tax Payments pledged to the District and by an annual fee to be paid by Atlanta Braves.

Series 2017B (Unit 5)

On December 21, 2017, the District issued \$27,500,000 of Senior Secured Notes due December 30, 2033 with a fixed interest rate of 5.4%. The Notes were issued for the purpose of funding a portion of the costs of the 2017 Project. Interest is paid semiannually on each June 30 and December 30, commencing June 30, 2018. Principal is paid serially commencing June 30, 2018 through December 30, 2033. Principal and interest on the Bonds are to be paid with Florida State Sales Tax Payments pledged to the District and by an annual fee to be paid by Atlanta Braves.

Series 2019 (Unit 7)

On April 15, 2019, the District issued \$32,360,000 of Series 2019 Special Assessment Revenue Bonds (Unit 7), due dates ranging from May 1, 2021 to May 1, 2050 with interest rates of 4.00% - 5.00%. The Bonds were issued for the purpose of financing the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing May 1, 2019. Principal is paid serially commencing May 1, 2021 through May 1, 2050.

Series 2019 (Unit 2)

During the current fiscal year end the Unit 2 Series 2005 bond was bifurcated. The primary purpose of the Bifurcation is to divide the security for the trust estate of the Series 2005 Bonds into two separate and distinct trust estates secured by two separate and distinct sources of collateral. Accordingly, two separate assessment areas have been established within Unit No. 2 relative to the Bifurcated Bonds. "Assessment Area 1" includes all lands within Unit No. 2 with the exception of (1) the Delinquent Commercial Property; (2) the residential units which have prepaid the Series 2005 Assessments levied on their property in full; and (3) those units for which the District has received a true-up payment in accordance with the various True-Up Agreements executed in conjunction with the issuance of the Series 2005 Bonds. "Assessment Area 2" includes the Delinquent Commercial Property.

The Series 2005 (Unit 2) Bonds with principal outstanding of \$32,965,000 were exchanged for \$15,190,000 Series 2019A-1 "Assessment Area 1", \$17,445,000 Series 2019A-2 "Assessment Area 2" and \$330,000 of Defeased Bonds. The Series 2019A-1 Bonds are current on their debt service payments. The Defeased Bonds were paid by the District during the current year and are no longer a liability of the District. The Bondholders cancelled \$4,615,000 of the Series 2019A-2 Bonds, leaving a balance of \$12,380,000 after the restructuring.

Series 2019A-1 (Unit 2)

The Series 2019A-1 Special Assessment Bonds (Unit 2) were exchanged for the Series 2005 Bonds in October 2019, with due dates ranging from May 1, 2020 to May 1, 2036 with an interest rate of 5.75%. Interest is paid semiannually on each May 1 and November 1, commencing May 1, 2020. Principal is paid serially commencing May 1, 2020 through May 1, 2036.

NOTE 7 – LONG TERM LIABILITIES (Continued)

Series 2019A-2 (Unit 2)

The Series 2019A-2 Special Assessment Bonds (Unit 2) were exchanged for the Series 2005 Bonds in October 2019, with due dates ranging from May 1, 2020 to May 1, 2036 with an interest rate of 5.75%. Interest is paid semiannually on each May 1 and November 1, commencing May 1, 2020. Principal is paid serially commencing May 1, 2020 through May 1, 2036.

Subsequent to the restructuring the District had delinquent assessments still due from Major Landowners as of September 30, 2020 related to the Bonds. Consequently, the District did not make the current fiscal year principal payment of \$430,000 and interest on the Bonds of \$399,601 and owes \$829,601 to the Bondholders. The District's failures to make its scheduled debt service payments when they are due are considered events of default. In addition, subsequent to year end, the District did not pay the scheduled debt service on the Bonds.

Redemption Provisions

All of the Bond/Notes are subject to redemption at the option of the District prior to their maturity as outlined in the Bond/Note Indentures. The Bonds, except for the 2017A Bonds and B Notes are also subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond/Note Indentures.

Reserve Requirements

The Bond Indentures require that the District maintain adequate funds in the reserve accounts to meet the debt service reserve requirements as defined in the Bond Indentures. In addition, the Bond Indentures have certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the reserve requirements outlined in the various indentures.

Developer Advances

Pursuant to the Construction Funding Agreement, the Developer agreed to fund the acquisition of certain capital improvements with the District to repay the Developer from a future Bond issuance. Pursuant to the agreement, the Developer advanced \$3,945,031 to the District in the current fiscal year.

Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2020 were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|---------------|---------------|-------------------|------------------------|
| <u>Governmental activities</u> | | | | | |
| Bonds payable: | | | | | |
| Bond Series 2005 (Unit 2) | \$ 32,965,000 | \$ - | \$ 32,965,000 | \$ - | \$ - |
| Bond Series 2016 (Unit 4) | 12,615,000 | - | 235,000 | 12,380,000 | 245,000 |
| Bond Series 2017 (Unit 1) | 30,350,000 | - | 1,080,000 | 29,270,000 | 1,115,000 |
| Less: Original issue discount | (339,823) | - | (17,885) | (321,938) | - |
| Bond Series 2017 (Unit 3) | 15,415,000 | - | 655,000 | 14,760,000 | 610,000 |
| Add: Original issue premium | 237,880 | - | 13,216 | 224,664 | - |
| Bond Series 2017 (Unit 5) | 13,240,000 | - | 530,000 | 12,710,000 | 540,000 |
| Note 2017 (Unit 5) | 25,799,509 | - | 1,211,560 | 24,587,949 | 1,277,868 |
| Bond Series 2019 (U7) | 32,360,000 | - | - | 32,360,000 | 515,000 |
| Less: Original issue discount | (58,585) | - | (2,020) | (56,565) | - |
| Bond Series 2019 Defeased Bonds | | 330,000 | 330,000 | - | - |
| Bond Series 2019 A-1 (U2) | - | 15,190,000 | 525,000 | 14,665,000 | 575,000 |
| Bond Series 2019 A-2 (U2) | - | 12,830,000 | - | 12,830,000 | 915,000 |
| Developer advances | | 3,945,031 | - | 3,945,031 | - |
| Total | \$ 162,583,981 | \$ 32,295,031 | \$ 37,524,871 | \$ 157,354,141 | \$ 5,792,868 |

* Includes \$430,000 due to bondholders for the Series 2019 Bond which was not paid.

NOTE 7 – LONG TERM LIABILITIES (Continued)

Long-term debt activity (Continued)

At September 30, 2020, the scheduled debt service requirements on the long - term debt were as follows:

| Year ending September 30: | Governmental Activities | | |
|------------------------------|-------------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2021 | \$ 5,792,868 | \$ 7,804,714 | \$ 13,597,582 * |
| 2022 | 5,607,805 | 7,169,359 | 12,777,164 |
| 2023 | 5,861,569 | 6,920,443 | 12,782,012 |
| 2024 | 6,144,370 | 6,648,276 | 12,792,646 |
| 2025 | 6,426,429 | 6,361,833 | 12,788,262 |
| 2026-2030 | 37,154,103 | 26,892,234 | 64,046,337 |
| 2031-2035 | 43,580,805 | 16,734,331 | 60,315,136 |
| 2036-2040 | 21,985,000 | 7,499,147 | 29,484,147 |
| 2041-2045 | 10,365,000 | 4,185,500 | 14,550,500 |
| 2046-2050 | 10,645,000 | 1,488,498 | 12,133,498 |
| Total | <u>\$ 153,562,949</u> | <u>\$ 91,704,335</u> | <u>\$ 245,267,284</u> |

* Includes \$430,000 in principal and \$399,601 due to Bondholders for the Series 2019 Bond which was not paid.

NOTE 8 – DEVELOPER CONTRIBUTIONS

Governmental Funds

The Developer owns a portion of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer. The Developer also provided \$8,555,883 as Developer contributions during the current fiscal year.

The Developer has also agreed to fund the debt service on the Bonds which is not paid through special or prepaid assessments. During the current fiscal year, the Developer provided \$2,588,596 to the debt service fund. Subsequent to fiscal year end, the Developer provided \$1,294,298 for debt service payments.

NOTE 9 – DELINQUENT ASSESSMENTS

The Developer owns a significant portion of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer. However, a Major Landowner did not pay a portion of their assessments. See Note 7.

NOTE 10 – CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer and Major Landowners, the loss of which could have a material adverse effect on the District's operations.

NOTE 11 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

General Principal Agreement

On June 26, 2006, the District entered into a General Principles of Agreement with the City of North Port (“City”) and Fourth Quarter Properties XXXII, LLC. Under the agreement, the District is responsible for the construction and equipping of a police substation and fire and emergency medical facilities, which are eligible to be reimbursed from impact fees collected within the District; dedication of certain lands for community parks and general government use; master plan and design of parks within the District eligible to be reimbursed from impact fees collected within the District; as well as other items as described in the General Principles of Agreement. Note, this is a summary; the agreement includes more specific content and provisions. The Agreement referred to above was assumed by the new major Developer.

On June 27, 2006, Fourth Quarter Properties XXXII, LLC (Fourth Quarter) entered into a Guarantee Agreement in favor of West Villages Improvement District. Under the agreement, Fourth Quarter unconditionally guarantees to transfer real property to the District or North Port as outlined in the General Principles of Agreement denoted above. Fourth Quarter also acknowledges that the District may not be able to reimburse or pay for this property unless it is authorized to do so pursuant to its enabling legislation and the applicable requirements of either Chapter 170 or 298, Florida Statutes. This agreement also states that Fourth Quarter unconditionally agrees to advance funds to the District in a timely fashion as are necessary for the construction and equipping as outlined in the General Principles of Agreement; however, Fourth Quarter shall be entitled to reimbursement of any such advances from impact fees collected within the District and/or future unit development funding. Note, this is a summary; the agreement includes more specific content and provisions. The Agreement referred to above was assumed by the new major Developer. The agreement was superseded during the current fiscal year.

Development Agreement with City of North Port and Developer

During the current fiscal year the District entered into the West Village Developer Agreement (“Agreement”) with the City of North Port (“City”) and the Developer. The key terms of the agreement are summarized below:

1. The agreement related to capacity for and construction of water and wastewater facilities are memorialized in the *2019 Amended and Restated Utilities Agreement*, dated September 10, 2019 and which may be amended in the future. The Agreement does not amend, supersede, or otherwise affect the utility agreement, which remains in full force and effect.
2. The Agreement, pursuant to Section 58-109 of the Code of the City of North Port, Florida, provides for the rights and obligations for the City's expenditure of impact fees in several designated areas, including fire/rescue, law enforcement, parks, and general government.
3. The City Commission having considered the factors required by Section 58-109 of the Code of the City of North Port, Florida, has determined that the System Improvements referenced in this Agreement qualify for impact fee expenditures and Developer reimbursement.
4. The District desires to provide the City with turn-key System Improvements as described in this Agreement for the delivery of needed City public services and that the Developer desires to provide the City land related to these System Improvements; that the City desires to own and operate the improvements and to provide the District a limited reimbursement from impact fees of the cost for certain improvements at the time of transfer of the improvements to the City; that the Agreement provides for a proportionate fair share of the costs of the needed System Improvements resulting from the development.

During the current fiscal year the City provided \$1,973,794 which relates primarily to certain park improvements. During the current fiscal year the District reimbursed the Developer \$1,255,437 for costs incurred by the Developer related to the improvements.

NOTE 14 – SUBSEQUENT EVENTS

Bond Issuances

Subsequent to year end, the District issued \$7,975,000 of Series 2021 Special Assessment Revenue Bonds (Unit 7), due dates ranging from November 1, 2022 to November 1, 2051 with interest rates of 2.50% - 4.00%. The Bonds were issued for the purpose of financing the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2021.

Subsequent to year end, the District issued \$13,000,000 of Series 2021 Special Assessment Revenue Bonds (Unit 8), due dates ranging from November 1, 2022 to November 1, 2051 with interest rates of 2.50% - 4.00%. The Bonds were issued for the purpose of financing the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2021.

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive |
|--|---------------------|-----------------------|---------------------|---|
| | Original | Final | | (Negative) |
| REVENUES | | | | |
| Assessments | \$ 1,665,912 | \$ 1,412,818 | \$ 1,716,318 | \$ 303,500 |
| Developer contribution | - | 13,847,942 | 8,555,883 | (5,292,059) |
| Contributions other governments | - | - | 1,973,794 | 1,973,794 |
| Miscellaneous | - | - | 139,780 | 139,780 |
| Interest Income | 1,000 | 6,916 | 6,916 | - |
| Total revenues | <u>1,666,912</u> | <u>15,267,676</u> | <u>12,392,691</u> | <u>(2,874,985)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 687,491 | 2,083,847 | 2,325,751 | (241,904) |
| Maintenance and operations | 1,399,000 | 1,974,408 | 1,508,261 | 466,147 |
| Capital outlay | - | 12,750,000 | 9,103,615 | 3,646,385 |
| Total expenditures | <u>2,086,491</u> | <u>16,808,255</u> | <u>12,937,627</u> | <u>3,870,628</u> |
| Excess (deficiency) of revenues over (under) expenditures | (419,579) | (1,540,579) | (544,936) | 995,643 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer advances | - | - | 3,945,031 | 3,945,031 |
| Transfer in/(out) | - | - | (628,963) | (628,963) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>3,316,068</u> | <u>3,316,068</u> |
| Net change in fund balance | <u>\$ (419,579)</u> | <u>\$ (1,540,579)</u> | 2,771,132 | <u>\$ 4,311,711</u> |
| Fund balance - beginning | | | <u>(458,631)</u> | |
| Fund balance - ending | | | <u>\$ 2,312,501</u> | |

See notes to required supplementary information

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the General Fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The fiscal year 2020 general fund budget was amended to increase revenues by \$13,600,764 and increase appropriations by \$14,721,764. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
West Villages Improvement District
City of North Port, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of West Villages Improvement District, City of North Port, Florida ("District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated August 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter August 20, 2021.

The District's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 20, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

To the Board of Commissioners
West Villages Improvement District
City of North Port, Florida

Report on Compliance for Each Major State Program

We have audited West Villages Improvement District, North Port, Florida (the "District") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the District's major state project for the fiscal year ended September 30, 2020. The District's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, laws, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550 Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

August 20, 2021

**WEST VILLAGES IMPROVEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

| State Agency State Project | CSFA Number | Expenditures |
|---|----------------|-------------------|
| STATE FINANCIAL ASSISTANCE | | |
| Department of Economic Opportunity | | |
| Economic Development Partnerships | 40.040 | \$ 999,996 |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | <u>\$ 999,996</u> |

See accompanying notes to schedule of expenditures of state financial assistance.

**WEST VILLAGES IMPROVEMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures state financial assistance includes the state grant activity of West Villages Improvement District, City of North Port, Florida (the "District") under the state project for the fiscal year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting.

**WEST VILLAGES IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of West Villages Improvement District, North Port, Florida (the "District").
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit, except as noted in the Management Letter.
4. No significant deficiencies relating to the audit of the major state project are reported in the independent auditor's report on compliance for each major State project and on internal control over compliance required by Chapter 10.550, rules of the Auditor General.
5. The independent auditor's report on compliance with requirements that could have a direct and material effect on the state project for the District expresses an unmodified opinion.
6. There were no audit findings relative to the major state award tested for the District.
7. The programs tested as a major program:

| <u>State Project</u> | <u>CSFA #</u> |
|-----------------------------------|---------------|
| Economic Development Partnerships | 40.040 |
8. The dollar threshold used to distinguish between Type A or Type B for major state projects was \$300,000.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

See Report to Management for details on the following financial statement audit finding: 2020-01 Financial Condition Assessment.

C. FINDINGS AND QUESTIONED COSTS- STATE PROJECTS

None

D. OTHER ISSUES

1. No corrective action plan is required because there were no findings required to be reported under the Florida Single Audit Act.

E. PRIOR YEAR FINDINGS- MAJOR STATE PROJECTS

None



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
West Villages Improvement District
City of North Port, Florida

We have examined West Villages Improvement District, City of North Port, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2020. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of West Villages Improvement District, City of North Port, Florida and is not intended to be and should not be used by anyone other than these specified parties.

August 20, 2021



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
West Villages Improvement District
City of North Port, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of West Villages Improvement District ("District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated August 20, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Auditor's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 30, 2020, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.
- II. Status of prior year findings and recommendations.
- III. Compliance with the Provisions of the Auditor General of the State of Florida.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of West Villages Improvement District, City of North Port, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank West Villages Improvement District, City of North Port, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

August 20, 2021

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2020-01 Financial Condition Assessment:

Observation: The District had delinquent assessments due from a Major Landowner as of September 30, 2020. Consequently, the District did not make certain scheduled debt service payments in the current fiscal year. The District's failures to make its scheduled debt service payments when they are due are considered events of default.

Recommendation: The District should take the necessary steps to alleviate the financial condition.

Management Response: In the current and prior Fiscal Years, a large property owner did not pay their property taxes (which included assessments for the District). In October 2019 the Unit 2 Series 2005 bond was bifurcated. The primary purpose of the Bifurcation is to divide the security for the trust estate of the Series 2005 Bonds into two separate and distinct trust estates secured by two separate and distinct sources of collateral. The WVID is working with, providing information and working on solutions to its Series 2005/2019 (Unit 2) bondholders, tax-certificate holders, and potential developers in regard to the delinquent property.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2012-01, 2013-01, 2014-01, 2015-01, 2016-01, 2017-01, 2018-01, 2019-01 Debt Service Reserve Requirement: Recommendation has been implemented.

2012-02, 2013-02, 2014-02, 2015-02, 2016-02, 2017-02, 2018-02, 2019-02 Financial Condition Assessment: Matter is repeated again in the current fiscal year – see finding no. 2020-01 above.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2019, except as noted above.

REPORT TO MANAGEMENT (Continued)

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA (Continued)

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2020, except as noted above.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2020, except as noted above.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. In connection with our audit, we determined that the District has met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes. The District failed to make certain debt service payments on the Bonds. We applied financial condition assessment procedures pursuant to Rule 10.556(7). See Findings section above for additional information. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by same.