

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021**

**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, 2021, 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, 2021, 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 District's basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) is not a required part of the basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 September 6, 2022, 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.

September 6, 2022

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, 2021. 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 \$20,289,044.
- The change in the District's total net position in comparison with the prior fiscal year was \$4,410,400 an increase. 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, 2021, the District's governmental funds reported combined ending fund balances of \$24,960,651, an increase of \$9,998,407 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 2019, Unit 3, Unit 4, Unit 5, Unit 7, Unit 7 & 8 debt service funds and Unit 1, Unit 3, Unit 5, Unit 7, Unit 7 & 8 capital projects funds, all of which are considered to be major funds.

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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 28,836,318	\$ 17,984,254	\$ 449,086	\$ 475,184	\$ 29,285,404	\$ 18,459,438
Capital assets, net	173,517,061	159,568,636	1,395,460	1,226,123	174,912,521	160,794,759
Total assets	202,353,379	177,552,890	1,844,546	1,701,307	204,197,925	179,254,197
Current liabilities	6,906,350	5,481,543	1,743,434	969,869	8,649,784	6,451,412
Long-term liabilities	175,259,097	156,924,141	-	-	175,259,097	156,924,141
Total liabilities	182,165,447	162,405,684	1,743,434	969,869	183,908,881	163,375,553
Net position						
Net investment in capital assets	(2,657,036)	2,214,495	(216,389)	514,220	(2,873,425)	2,728,715
Restricted	15,155,130	9,933,527	-	-	15,155,130	9,933,527
Unrestricted	7,689,838	2,999,184	317,501	217,218	8,007,339	3,216,402
Total net position	\$ 20,187,932	\$ 15,147,206	\$ 101,112	\$ 731,438	\$ 20,289,044	\$ 15,878,644

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 increased during the most recent fiscal year. The majority of the increase is the results from the receipt of Developer contributions and intergovernmental revenues.

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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 9,888,656	\$ 8,106,486	\$ 409,509	\$ 418,227	\$ 10,298,165	\$ 8,524,713
Operating grants and contributions	2,377,188	5,920,031	-	-	2,377,188	5,920,031
Capital grants and contributions	6,535,486	8,267,653	-	-	6,535,486	8,267,653
General revenues						
Unrestricted investment earnings	7,353	6,916	320	263	7,673	7,179
Miscellaneous	60,725	139,780	-	-	60,725	139,780
Total revenues	18,869,408	22,440,866	409,829	418,490	19,279,237	22,859,356
Expenses:						
General government	861,605	2,338,751	-	-	861,605	2,338,751
Maintenance and operations	4,575,030	2,782,997	-	-	4,575,030	2,782,997
Interest	7,700,539	6,919,742	-	-	7,700,539	6,919,742
Bond issue costs	691,508	211,500	-	-	691,508	211,500
Conveyance of spring training facility	-	117,186,052	-	-	-	117,186,052
Irrigation services	-	-	1,040,155	757,211	1,040,155	757,211
Total expenses	13,828,682	129,439,042	1,040,155	757,211	14,868,837	130,196,253
Special item - gain on cancellation of debt	-	5,213,100	-	-	-	5,213,100
Change in net position	5,040,726	(101,785,076)	(630,326)	(338,721)	4,410,400	(102,123,797)
Net position - beginning	15,147,206	116,932,282	731,438	1,070,159	15,878,644	118,002,441
Net position - ending	\$ 20,187,932	\$ 15,147,206	\$ 101,112	\$ 731,438	\$ 20,289,044	\$ 15,878,644

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2021 was \$13,828,682. 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 decrease in expenses was due to the conveyance of the spring training facility in the prior year.

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 2021 general fund budget was amended to increase revenues by \$6,564,685, increase appropriations by \$6,011,565. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021, the District had \$187,779,351 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$14,262,290 has been taken, which resulted in a net book value of \$173,517,061. The District's business-type activities reported net capital assets of \$1,395,460. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2021, the District had \$169,505,081 in Bonds and Notes outstanding and \$6,666,324 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGMENT

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, 2021**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 7,819,163	\$ 158,219	\$ 7,977,382
Due from Developers	1,468,091	290,867	1,758,958
Other assets	2,325	-	2,325
Restricted assets:			
Investments	19,546,739	-	19,546,739
Capital assets:			
Nondepreciable	145,374,277	119,945	145,494,222
Depreciable, net	28,142,784	1,275,515	29,418,299
Total assets	<u>202,353,379</u>	<u>1,844,546</u>	<u>204,197,925</u>
LIABILITIES			
Accounts payable	1,662,357	131,585	1,793,942
Contracts and retainage payable	147,191	-	147,191
Accrued interest payable	3,030,683	-	3,030,683
Escrow deposits	13,793	-	13,793
Due to Bondholders:			
Principal	915,000	-	915,000
Interest	1,137,326	-	1,137,326
Non-current liabilities:			
Due within one year*	6,027,805	-	6,027,805
Due in more than one year	162,564,968	-	162,564,968
Developer advances	6,666,324	1,611,849	8,278,173
Total liabilities	<u>182,165,447</u>	<u>1,743,434</u>	<u>183,908,881</u>
NET POSITION			
Net investment in capital assets	(2,657,036)	(216,389)	(2,873,425)
Restricted for capital projects	7,738,347	-	7,738,347
Restricted for debt service	7,416,783	-	7,416,783
Unrestricted	7,689,838	317,501	8,007,339
Total net position	<u>\$ 20,187,932</u>	<u>\$ 101,112</u>	<u>\$ 20,289,044</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, 2021**

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	\$ 861,605	\$ 2,259,196	\$ -	\$ -	\$ 1,397,591	\$ -	\$ 1,397,591
Maintenance and operations	4,575,030	-	78,080	6,535,486	2,038,536	-	2,038,536
Interest on long-term debt	7,700,539	7,629,460	2,299,108	-	2,228,029	-	2,228,029
Bond issue costs	691,508	-	-	-	(691,508)	-	(691,508)
Total governmental activities	13,828,682	9,888,656	2,377,188	6,535,486	4,972,648	-	4,972,648
Business-type activities:							
Irrigation services	1,040,155	409,509	-	-	-	(630,646)	(630,646)
Total business-type activities	1,040,155	409,509	-	-	-	(630,646)	(630,646)
			General revenues:				
			Unrestricted investment earnings		7,353	320	7,673
			Miscellaneous		60,725	-	60,725
			Total general revenues		68,078	320	68,398
			Change in net position		5,040,726	(630,326)	4,410,400
			Net position - beginning		15,147,206	731,438	15,878,644
			Net position - ending		\$ 20,187,932	\$ 101,112	\$ 20,289,044

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	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	Unit 7 & 8 Series 2021
ASSETS								
Cash	\$ 7,819,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	1,299,401	684,944	405,330	1,032,506	4,375,542	2,210,099	983,699
Due from Developers	1,468,091	-	-	-	-	-	-	-
Due from other funds	-	-	-	37,763	103,126	-	-	-
Other assets	2,325	-	-	-	-	-	-	-
Total assets	\$ 9,289,579	\$ 1,299,401	\$ 684,944	\$ 443,093	\$ 1,135,632	\$ 4,375,542	\$ 2,210,099	\$ 983,699
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 845,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts and retainage payable	147,191	-	-	-	-	-	-	-
Due to other funds	140,889	-	-	-	-	-	-	-
Escrow deposits	13,793	-	-	-	-	-	-	-
Due to Bondholders:								
Principal	-	-	915,000	-	-	-	-	-
Interest	-	-	1,137,326	-	-	-	-	-
Total liabilities	1,147,359	-	2,052,326	-	-	-	-	-
Fund balances:								
Restricted for:								
Debt service	-	1,299,401	-	443,093	1,135,632	4,375,542	2,210,099	983,699
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
Road resurfacing	845,510	-	-	-	-	-	-	-
Subsequent year expenditures	192,240	-	-	-	-	-	-	-
Unassigned	7,104,470	-	(1,367,382)	-	-	-	-	-
Total fund balances	8,142,220	1,299,401	(1,367,382)	443,093	1,135,632	4,375,542	2,210,099	983,699
Total liabilities and fund balances	\$ 9,289,579	\$ 1,299,401	\$ 684,944	\$ 443,093	\$ 1,135,632	\$ 4,375,542	\$ 2,210,099	\$ 983,699

(Continued)

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021
(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	Unit 7 & 8 Series 2021	
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,819,163
Investments	397	37,102	319	1,137,711	7,379,689	19,546,739
Due from Developers	-	-	-	-	-	1,468,091
Due from other funds	-	-	-	-	-	140,889
Other assets	-	-	-	-	-	2,325
Total assets	<u>\$ 397</u>	<u>\$ 37,102</u>	<u>\$ 319</u>	<u>\$ 1,137,711</u>	<u>\$ 7,379,689</u>	<u>\$ 28,977,207</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 816,871	\$ -	\$ 1,662,357
Contracts and retainage payable	-	-	-	-	-	147,191
Due to other funds	-	-	-	-	-	140,889
Escrow deposits	-	-	-	-	-	13,793
Due to Bondholders:						
Principal	-	-	-	-	-	915,000
Interest	-	-	-	-	-	1,137,326
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,871</u>	<u>-</u>	<u>4,016,556</u>
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	-	10,447,466
Capital projects	397	37,102	319	320,840	7,379,689	7,738,347
Assigned to:						
Road resurfacing	-	-	-	-	-	845,510
Subsequent year expenditures	-	-	-	-	-	192,240
Unassigned	-	-	-	-	-	5,737,088
Total fund balances	<u>397</u>	<u>37,102</u>	<u>319</u>	<u>320,840</u>	<u>7,379,689</u>	<u>24,960,651</u>
Total liabilities and fund balances	<u>\$ 397</u>	<u>\$ 37,102</u>	<u>\$ 319</u>	<u>\$ 1,137,711</u>	<u>\$ 7,379,689</u>	<u>\$ 28,977,207</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, 2021**

Fund balance - governmental funds \$ 24,960,651

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	187,779,351	
Accumulated depreciation	<u>(14,262,290)</u>	173,517,061

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

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	(3,030,683)	
Bonds payable *	(168,592,773)	
Developer advances	<u>(6,666,324)</u>	<u>(178,289,780)</u>
Net position of governmental activities		<u>\$ 20,187,932</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, 2021**

	Major Funds							
	General	Debt Service						
		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	Unit 7 & 8 Series 2021
REVENUES								
Assessments	\$ 2,259,196	\$ 2,358,975	\$ 1,366,489	\$ 1,337,417	\$ 836,284	\$ -	\$ 1,483,510	\$ 246,785
Developers contributions	78,080	-	-	-	-	-	-	-
Contributions - Atlanta Braves	-	-	-	-	-	1,294,298	-	-
Developers contributions - capital	128,442	-	-	-	-	-	-	-
Contributions other governments	6,406,827	-	-	-	-	999,996	-	-
Miscellaneous	360,725	-	-	-	-	-	-	-
Interest income	7,353	81	49	31	47	4,475	115	16
Total revenues	9,240,623	2,359,056	1,366,538	1,337,448	836,331	2,298,769	1,483,625	246,801
EXPENDITURES								
Current:								
General government	861,605	-	-	-	-	-	-	-
Maintenance and operations	1,337,457	-	-	-	-	-	-	-
Debt service:								
Principal	-	1,115,000	1,110,000	705,000	255,000	1,817,868	515,000	-
Interest	-	1,277,444	1,580,603	666,673	585,716	1,766,955	1,547,463	-
Bond issue costs	-	-	-	-	-	-	-	-
Capital outlay	4,578,080	-	-	-	-	-	-	-
Total expenditures	6,777,142	2,392,444	2,690,603	1,371,673	840,716	3,584,823	2,062,463	-
Excess (deficiency) of revenues over (under) expenditures	2,463,481	(33,388)	(1,324,065)	(34,225)	(4,385)	(1,286,054)	(578,838)	246,801
OTHER FINANCING SOURCES (USES)								
Bond/note proceeds	-	-	-	-	-	-	-	736,898
Developer advances	3,366,238	-	-	-	-	-	-	-
Bond premium/(discount)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,366,238	-	-	-	-	-	-	736,898
Net change in fund balances	5,829,719	(33,388)	(1,324,065)	(34,225)	(4,385)	(1,286,054)	(578,838)	983,699
Fund balances - beginning	2,312,501	1,332,789	(43,317)	477,318	1,140,017	5,661,596	2,788,937	-
Fund balances - ending	\$ 8,142,220	\$ 1,299,401	\$ (1,367,382)	\$ 443,093	\$ 1,135,632	\$ 4,375,542	\$ 2,210,099	\$ 983,699

(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, 2021
(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	Unit 7 & 8 Series 2021	
REVENUES						
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,888,656
Developers contributions	-	-	-	-	-	78,080
Contributions - Atlanta Braves	-	-	-	-	-	1,294,298
Developers contributions - capital	-	-	-	-	-	128,442
Contributions other governments	-	-	-	-	-	7,406,823
Miscellaneous	-	-	-	-	-	360,725
Interest income	-	5	-	56	156	12,384
Total revenues	-	5	-	56	156	19,169,408
EXPENDITURES						
Current:						
General government	-	-	-	-	-	861,605
Maintenance and operations	-	-	-	-	-	1,337,457
Debt service:						
Principal	-	-	-	-	644,945	6,162,813
Interest	-	-	-	-	-	7,424,854
Bond issue costs	-	-	-	-	691,508	691,508
Capital outlay	-	116,935	-	816,871	11,674,112	17,185,998
Total expenditures	-	116,935	-	816,871	13,010,565	33,664,235
Excess (deficiency) of revenues over (under) expenditures	-	(116,930)	-	(816,815)	(13,010,409)	(14,494,827)
OTHER FINANCING SOURCES (USES)						
Bond/note proceeds	-	-	-	-	20,238,102	20,975,000
Developer advances	-	-	-	-	-	3,366,238
Bond premium/(discount)	-	-	-	-	151,996	151,996
Total other financing sources (uses)	-	-	-	-	20,390,098	24,493,234
Net change in fund balances	-	(116,930)	-	(816,815)	7,379,689	9,998,407
Fund balances - beginning	397	154,032	319	1,137,655	-	14,962,244
Fund balances - ending	\$ 397	\$ 37,102	\$ 319	\$ 320,840	\$ 7,379,689	\$ 24,960,651

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, 2021**

Net change in fund balances - total governmental funds \$ 9,998,407

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. 15,667,804

Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position. (20,975,000)

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. (3,366,238)

In connection with the issuance of the Bonds, the original issue discount/premium is reported as a financing use/source when debt is first issued, whereas this amount is eliminated in the statement of activities and reduces/increases long-term liabilities in the statement of net position. (151,996)

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. 6,162,813

Depreciation of capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities. (1,719,379)

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. (4,535)

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. (300,000)

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. (271,150)

Change in net position of governmental activities \$ 5,040,726

See notes to the financial statements

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2021**

	<u>Business-type Activities - Irrigation Fund</u>
ASSETS	
Current assets:	
Cash and equivalents	\$ 158,219
Due from Developers	<u>290,867</u>
Total current assets	<u>449,086</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	119,945
Irrigation system	1,364,593
Less accumulated depreciation	<u>(89,078)</u>
Total capital assets, net of depreciation	<u>1,395,460</u>
Total noncurrent assets	<u>1,395,460</u>
Total assets	<u>1,844,546</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	<u>131,585</u>
Total current liabilities	<u>131,585</u>
Noncurrent liabilities	
Developer advances	<u>1,611,849</u>
Total noncurrent liabilities	<u>1,611,849</u>
Total liabilities	<u>1,743,434</u>
NET POSITION	
Investment in capital assets	(216,389)
Unrestricted	<u>317,501</u>
	<u>\$ 101,112</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, 2021**

	<u>Business-type Activities - Irrigation Fund</u>
Operating revenues:	
Charges for services:	
Irrigation revenues	\$ 409,509
Total operating revenues	<u>409,509</u>
Operating expenses:	
Irrigation services	671,599
Administrative and other	324,017
Depreciation	44,539
Total operating expenses	<u>1,040,155</u>
Operating income (loss)	<u>(630,646)</u>
Nonoperating revenues (expenses):	
Interest income	320
Total nonoperating revenues (expenses)	<u>320</u>
Net income	(630,326)
Total net position - beginning	<u>731,438</u>
Total net position - ending	<u>\$ 101,112</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, 2021**

CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 409,509
Payments for goods and services	<u>(1,121,997)</u>
Net cash provided (used) by operating activities	<u>(712,488)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Developer advances	956,744
Purchase of capital assets	<u>(213,876)</u>
Net cash provided (used) by capital and related financing activities	<u>742,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>320</u>
Net cash provided (used) by investing activities	<u>320</u>
Net increase (decrease) in cash and cash equivalents	30,700
Cash and cash equivalents - October 1	<u>127,519</u>
Cash and cash equivalents - September 30	<u>\$ 158,219</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (630,646)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	44,539
Increase/(Decrease) in:	
Accounts payable	(126,381)
Total adjustments	<u>(81,842)</u>
Net cash provided (used) by operating activities	<u>\$ (712,488)</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, 2021, 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. During a prior fiscal 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 (2019), Unit 3, Unit 4, Unit 5, Unit 7 and Unit 7 & 8

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.

Capital Projects Funds - Unit 1, Unit 3, Unit 5, Unit 7 and Unit 7 & 8

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.

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, 2021:

<u>Investment</u>	<u>Amortized cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
US Bank Money Market Account	\$ 15,352,913	Not Available	Not available
Fidelity Govt Portfolio CI III	106,079	Not Available	Not available
Florida Education Investment Trust Fund	4,087,747	Not Available	Not available
	<u>\$ 19,546,739</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 BALANCES

Interfund balances for the fiscal year ended September 30, 2021 were as follows:

Fund	Receivable	Payable
General	\$ -	\$ 140,889
Debt service - Unit 4	103,126	-
Debt service - Unit 3	37,763	-
Total	<u>\$ 140,889</u>	<u>\$ 140,889</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the debt service funds relate to assessments collected in the general fund that have not yet been transferred to the debt service funds.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 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	74,752,436	250,848	11,618,286	63,384,998
Infrastructure in progress - wastewater treatment plant	53,734,420	2,925,973	-	56,660,393
Village B Parcel Project - CIP	-	816,871	-	816,871
Unit No. 8 Improvements - CIP	-	11,674,112	-	11,674,112
Total capital assets, not being depreciated	141,324,759	15,667,804	11,618,286	145,374,277
Capital assets, being depreciated				
Water Management and Environmental	11,789,257	6,982,590	-	18,771,847
Roadways	10,724,668	3,183,410	-	13,908,078
Gateway Entry	4,893,883	1,452,286	-	6,346,169
Landscape and Lighting - Unit 3	3,378,980	-	-	3,378,980
Total capital assets, being depreciated	30,786,788	11,618,286	-	42,405,074
Less accumulated depreciation for:				
Water Management and Environmental	3,251,328	516,434	-	3,767,762
Roadways	3,618,061	441,950	-	4,060,011
Gateway Entry	3,561,659	423,097	-	3,984,756
Landscape and Lighting - Unit 3	2,111,863	337,898	-	2,449,761
Total accumulated depreciation	12,542,911	1,719,379	-	14,262,290
Total capital assets, being depreciated, net	18,243,877	9,898,907	-	28,142,784
Governmental activities capital assets, net	\$ 159,568,636	\$ 25,566,711	\$ 11,618,286	\$ 173,517,061
<u>Business type activities</u>				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 119,945	\$ -	\$ 119,945
Total capital assets, not being depreciated	-	119,945	-	119,945
Capital assets, being depreciated				
Irrigation system	1,270,662	93,931	-	1,364,593
Total capital assets, being depreciated	1,270,662	93,931	-	1,364,593
Less accumulated depreciation for:				
Irrigation system	44,539	44,539	-	89,078
Total accumulated depreciation	44,539	44,539	-	89,078
Total capital assets, being depreciated, net	1,226,123	49,392	-	1,275,515
Business type activities capital assets, net	\$ 1,226,123	\$ 169,337	\$ -	\$ 1,395,460

Depreciation expense was charged to maintenance and operations.

Governmental activities

Costs incurred to-date relate to Development Unit's No. 1, No. 2, No. 3, No. 4, No. 5 No. 7 and No. 8. 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 \$72.5 million for Unit 7 and \$50, million for Unit No. 8. Unit's No. 3 and No. 5 were completed in a prior fiscal year. Unit No. 4 was completed in the current fiscal year.

NOTE 6 – CAPITAL ASSETS (Continued)

Governmental activities (Continued)

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 prior fiscal year.

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.

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 \$2,911,433 towards the construction of the wastewater treatment plant. See Note 7. The total cost of the project is estimated at approximately \$60 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 \$1,611,849 have been recorded as a liability on the financial statements as of September 30, 2021.

NOTE 7 – LONG TERM LIABILITIES

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.

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 prior 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 prior fiscal 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 \$12,830,000 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, 2021 related to the Bonds. Consequently, the District has not made the prior year and current year debt service payments. The District owes \$915,000 of principal and \$1,137,326 of interest on the Bonds as of September 30, 2021. 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.

Series 2021 (Unit 7)

On April 20, 2021, the District issued \$7,975,000 of Special Assessment Revenue Bonds (Unit 7), Series 2021 (Village F-1 and F-5), consisting of \$845,000 Term Bonds due on May 1, 2026; \$970,000 Term Bonds due on May 1, 2031; \$2,510,000 Term Bond due on May 1, 2041; and \$3,650,000 due May 1, 2051, with fixed interest rates ranging from 2.50% to 4.00%. The bonds were issued 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 Bonds is to be paid serially commencing May 1, 2022 through May 1, 2051.

Series 2021 (Unit 8)

On April 20, 2021, the District issued \$13,000,000 of Special Assessment Revenue Bonds (Unit 8), Series 2021 (Master Infrastructure), consisting of \$1,375,000 Term Bonds due on May 1, 2026; \$1,575,000 Term Bonds due on May 1, 2031; \$4,090,000 Term Bond due on May 1, 2041; and \$5,960,000 due May 1, 2051, with fixed interest rates ranging from 2.500% to 4.000%. The bonds were issued 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 Bonds is to be paid serially commencing May 1, 2022 through May 1, 2051.

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.

Indenture 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 Construction Funding Agreements, the Developer agreed to fund the acquisition of certain capital improvements with the District to repay the Developer from a future Bond issuances. Pursuant to the agreements, Developer advances of \$6,666,324 have been recorded as a liability on the financial statements as of September 30, 2021. The District reimbursed the Developer \$644,945 for amounts previously advanced during the current fiscal year.

NOTE 7 – LONG TERM LIABILITIES (Continued)

Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Bond Series 2016 (Unit 4)	\$ 12,380,000	\$ -	\$ 255,000	\$ 12,125,000	\$ 255,000
Bond Series 2017 (Unit 1)	29,270,000	-	1,115,000	28,155,000	1,155,000
Less: Original issue discount	(321,938)	-	(17,885)	(304,053)	-
Bond Series 2017 (Unit 3)	14,760,000	-	705,000	14,055,000	630,000
Add: Original issue premium	224,664	-	13,216	211,448	-
Bond Series 2017 (Unit 5)	12,710,000	-	540,000	12,170,000	560,000
Note 2017 (Unit 5)	24,587,949	-	1,277,868	23,310,081	1,347,805
Bond Series 2019 (U7)	32,360,000	-	515,000	31,845,000	535,000
Less: Original issue discount	(56,565)	-	(2,020)	(54,545)	-
Bond Series 2019 A-1 (U2)	14,665,000	-	625,000	14,040,000	610,000
Bond Series 2019 A-2 (U2)	12,830,000	-	-	12,830,000	1,430,000
Series 2021 (F1 & F5)	-	7,975,000	-	7,975,000	160,000
Add: Original issue premium	-	57,707	818	56,889	-
Series 2021 (Master Infrastructure)	-	13,000,000	-	13,000,000	260,000
Add: Original issue premium	-	94,289	1,336	92,953	-
Developer advances- WWTP	3,945,031	2,911,433	644,945	6,211,519	-
Developer advances- Fire station	-	454,805	-	454,805	-
Total	\$ 157,354,141	\$ 24,493,234	\$ 5,673,278	\$ 176,174,097	\$ 6,942,805

* Includes \$915,000 due to bondholders for the Series 2019 Bond which was not paid.

At September 30, 2021, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2022	\$ 6,942,805	\$ 8,057,658	\$ 15,000,463 *
2023	6,296,569	7,721,899	14,018,468
2024	6,589,370	7,437,857	14,027,227
2025	6,881,429	7,139,289	14,020,718
2026	7,197,979	6,824,431	14,022,410
2027-2031	41,558,307	28,665,988	70,224,295
2032-2036	46,113,622	17,692,071	63,805,693
2037-2041	19,185,000	8,944,699	28,129,699
2042-2046	15,215,000	5,375,900	20,590,900
2047-2051	13,525,000	1,665,125	15,190,125
Total	\$ 169,505,081	\$ 99,524,917	\$ 269,029,998

* Includes \$915,000 in principal and \$1,137,326 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 \$206,522 as Developer contributions for the general fund during the current fiscal year.

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 – CITY OF NORTH PORT AGREEMENTS

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 prior fiscal year.

NOTE 13 – CITY OF NORTH PORT AGREEMENTS (Continued)

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 \$1,406,827 of which \$1,000,000 is for a fire truck and the remainder primarily relates to certain park improvements. Items purchased and improvements belong to the City and have been shown as part of capital outlay in the general fund.

Transportation Impact Fee Reimbursement Agreement

On April 14, 2021, the District entered into a Transportation Impact Fee Reimbursement Agreement with Wellen Park, LLLP (“Developer”) and the City of North Port. The agreement states that the cost of the roads is expected to exceed \$125,000,000. As of the date of the agreement the Developer and District have incurred a total of \$47,681,364 in costs associated with the design, permitting and construction of completed portions of the roads within Wellen Park in addition to \$27,430,437 in costs associated with other portions of the roads which have been designed are under construction but not yet completed. The agreement states the Developer shall design, permit and construct the roads necessary in Wellen Park. The City will reimburse the District in an amount not to exceed \$90,000,000 for road costs. The source of the City's reimbursement payments shall be the transportation impact fees collected by the City from development occurring within Wellen Park.

During the current fiscal year the City provided \$5,000,000 to the District in relation to this agreement.

**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive
	Original	Final		(Negative)
REVENUES				
Assessments	\$ 1,919,865	\$ 1,948,657	\$ 2,259,196	\$ 310,539
Developer contribution	-	79,647	206,522	126,875
Contributions other governments	-	6,444,792	6,406,827	(37,965)
Miscellaneous	-	5,101	360,725	355,624
Interest income	1,000	7,353	7,353	-
Total revenues	<u>1,920,865</u>	<u>8,485,550</u>	<u>9,240,623</u>	<u>755,073</u>
EXPENDITURES				
Current:				
General government	687,541	2,229,318	861,605	1,367,713
Maintenance and operations	1,561,000	1,823,545	1,337,457	486,088
Capital outlay	100,000	4,307,243	4,578,080	(270,837)
Total expenditures	<u>2,348,541</u>	<u>8,360,106</u>	<u>6,777,142</u>	<u>1,582,964</u>
Excess (deficiency) of revenues over (under) expenditures	(427,676)	125,444	2,463,481	2,338,037
OTHER FINANCING SOURCES (USES)				
Developer advances	-	-	3,366,238	3,366,238
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,366,238</u>	<u>3,366,238</u>
Net change in fund balance	<u>\$ (427,676)</u>	<u>\$ 125,444</u>	5,829,719	<u>\$ 5,704,275</u>
Fund balance - beginning			<u>2,312,501</u>	
Fund balance - ending			<u>\$ 8,142,220</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 2021 general fund budget was amended to increase revenues by \$6,564,685 and increase appropriations by \$6,011,565. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021.

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
UNAUDITED**

Element	Comments
Number of district employees compensated at 9/30/2021	0
Number of independent contractors compensated in September 2021	4
Employee compensation for FYE 9/30/2021 (paid/accrued)	Not applicable
Independent contractor compensation for FYE 9/30/2021	\$218,828
Construction projects to begin on or after October 1; (>\$65K)	Not applicable
Budget variance report	See Variance Report in report for details
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	
Special assessment rate FYE 9/30/2021	Ranges From \$256.31 To \$2,344.87 Per Unit
Special assessments collected FYE 9/30/2021	\$9,888,656
Outstanding Bonds:	
Series 2016 (Unit 4), due November 1, 2046	\$12,125,000 - See Long Term Liabilities Note in report for details
Series 2017 (Unit 1), due May 1, 2038	\$28,155,000 - See Long Term Liabilities Note in report for details
Series 2017 (Unit 3), due May 1, 2037	\$14,055,000- See Long Term Liabilities Note in report for details
Series 2017 (Unit 5 Bonds), due February 1, 2038	\$12,170,000- See Long Term Liabilities Note in report for details
Series 2017 (Unit 5 Notes), due December 1, 2033	\$23,310,081 - See Long Term Liabilities Note in report for details
Series 2019A-1 (Unit 2), due May 1, 2036.	\$14,040,000 - See Long Term Liabilities Note in report for details
Series 2019A-2 (Unit 2), due May 1, 2036.	\$12,830,000- See Long Term Liabilities Note in report for details
Series 2019 (Unit 7 Master), due May 1, 2050	\$30,545,000 - See Long Term Liabilities Note in report for details
Series 2019 (Unit 7 Village B), due May 1, 2050	\$1,300,000 - See Long Term Liabilities Note in report for details
Series 2021 (Unit 7), due May 1, 2051	\$7,975,000 - See Long Term Liabilities Note in report for details
Series 2021 (Unit 8), due May 1, 2051	\$13,000,000 - See Long Term Liabilities Note in report for details



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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated September 6, 2022.

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 September 6, 2022.

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.

September 6, 2022



**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, 2021. 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, 2021.

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.

September 6, 2022

**WEST VILLAGES IMPROVEMENT DISTRICT
CITY OF NORTH PORT, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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
CITY OF NORTH PORT, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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, 2021. 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
CITY OF NORTH PORT, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

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, 2021. 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, 2021.

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.

September 6, 2022



**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, 2021, and have issued our report thereon dated September 6, 2022.

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, 2021, 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.

September 6, 2022

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2021-01 Financial Condition Assessment:

Observation: The District had delinquent assessments due from a Major Landowner as of September 30, 2021. 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: 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 was 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 and potential developers in regard to the delinquent property.

2021-02 Tracking of Developer Advances:

Observation: The District does not track Developer Advances which are long-term liabilities in the same way that it tracks Bonds and Notes.

Recommendation: The District should track the Developer Advances and repayments of those advances the same way that it tracks Bonds and Notes.

Management Response: The District will comply with the recommendation in future years. However it should be noted that the Developer funds are eligible to be reimbursed, but are not guaranteed to be reimbursed. The Developer funds are only to be paid back if funds become available via Future Bond Issuances and/or other external funding.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2012-02, 2013-02, 2014-02, 2015-02, 2016-02, 2017-02, 2018-02, 2019-02, 2020-02 Financial Condition Assessment: Matter is repeated again in the current fiscal year – see finding no. 2021-01 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, 2020, 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, 2021, 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, 2021, 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.
6. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 35.