

Overoaks Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2019

Overoaks Community Development District

ANNUAL FINANCIAL REPORT

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Overoaks Community Development District
Osceola County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Overoaks Community Development District as of and for the year ended September 30, 2019, and the related notes to 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 an opinion 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 Accounting 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 opinion.

Fort Pierce / Stuart

To the Board of Supervisors
Overoaks Community Development District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Overoaks Community Development District, as of September 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity 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 Discussion and Analysis 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2020 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 and contracts. The purpose of that report is 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 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 Overoaks Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

January 24, 2020

**Overoaks Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

Management's discussion and analysis of Overoaks Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements, (including a discretely presented component unit)* 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in two categories; 1) net investment in capital assets and 2) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and interest on long-term debt. Financial information in the government-wide financial statements distinguishes discretely-presented component units from the financial information presented for the primary government itself.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Overoaks Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

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 outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government'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 statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental-wide activities.

The government-wide financial statements include not only the District, but a legally separate and discretely presented component unit. Information included in this discussion and analysis focuses on the activities of the District. Accordingly, the information provided below does not include the activities of the discretely-presented component unit.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets, and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights:

The following are the highlights of financial activity for the year ended September 30, 2019.

- The District's total liabilities exceeded total assets and deferred outflows of resources by \$(1,184,750) (net position). Unrestricted net position for Governmental Activities was \$(1,041,637), and net investment in capital assets was \$(143,113).
- Governmental activities revenues totaled \$752,168 while governmental activities expenses totaled \$544,811.

**Overoaks Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities and net position of the District.

Net Position

	Governmental Activities	
	2019	2018
Current assets	\$ 870,101	\$ 791,203
Restricted assets	189,180	182,053
Capital assets, net	1,427,071	1,438,536
Total Assets	2,486,352	2,411,792
 Deferred outflows of resources	 265,590	 286,839
 Current liabilities	 356,431	 376,666
Non-current liabilities	3,580,261	3,714,072
Total Liabilities	3,936,692	4,090,738
 Net position - net investment in capital assets	 (143,113)	 (131,648)
Net position - unrestricted	(1,041,637)	(1,260,459)
Total Net Position	\$ (1,184,750)	\$ (1,392,107)

The increase in current assets is primarily due to revenues exceeding expenditures at the fund level in the current year.

The decrease in long-term liabilities is related to the principal payments made in the current year.

The increase in unrestricted net position is primarily the result of revenues exceeding expenses in the current year.

**Overoaks Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District.

Change in Net Position

	Governmental Activities	
	2019	2018
Program Revenues		
Charges for services	\$ 737,300	\$ 732,479
General Revenues		
Investments earnings	14,868	6,828
Miscellaneous revenues	-	1,034,241
Cancellation of debt	-	3,547,113
Total Revenues	<u>752,168</u>	<u>5,320,661</u>
Expenses		
General government	100,532	99,452
Physical environment	172,024	173,058
Interest on long-term debt	272,255	440,760
Total Expenses	<u>544,811</u>	<u>713,270</u>
Change in Net Position	207,357	4,607,391
Net Position - Beginning of Year	<u>(1,392,107)</u>	<u>(5,999,498)</u>
Net Position - End of year	<u>\$ (1,184,750)</u>	<u>\$ (1,392,107)</u>

The decrease in miscellaneous revenues is due to monies received from Overoaks Holdings, LLC in the prior year.

The cancellation of debt is related to the Series 2004 Bond retirement in the prior year.

The reduction in interest is related to less bonds outstanding after the debt cancellation in the prior year and current year principal payments.

**Overoaks Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2019 and 2018.

<u>Description</u>	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 1,226,263	\$ 1,226,263
Infrastructure	343,921	343,921
Accumulated depreciation	(143,113)	(131,648)
Total	<u>\$ 1,427,071</u>	<u>\$ 1,438,536</u>

Depreciation totaled \$11,465 in the current year.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily because repairs and maintenance and landscape costs were lower than anticipated.

There were no amendments to the September 30, 2019 budget.

Debt Management

Governmental Activities debt includes the following:

- In July 2010, the District issued \$1,520,000 Series 2010 A-1 Capital Improvement Revenue Bonds. These bonds were issued in exchange for a portion of the Series 2004 A and B bonds to cure the default of the Series 2004 bonds. The balance outstanding at September 30, 2019 was \$1,200,000.
- In July 2010, the District issued \$2,963,852 Series 2010 A-2 Capital Improvement Revenue Bonds. These bonds were issued in exchange for a portion of the Series 2004 A and B bonds to cure the default of the Series 2004 bonds. On May 1, 2012, the bonds were converted into current interest bonds with a maturity amount of \$3,295,000. The balance outstanding at September 30, 2019 was \$2,730,000.

**Overoaks Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Overoaks Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2020.

Request for Information

The financial report is designed to provide a general overview of Overoaks Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Overoaks Community Development District, Inframark Infrastructure Management Services, 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

Overoaks Community Development District
STATEMENT OF NET POSITION
September 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash	\$ 813,018
Investments	39,706
Prepaid expenses	11,308
Due from other governments	4,999
Deposits	1,070
Total Current Assets	<u>870,101</u>
Non-current Assets	
Restricted assets	
Investments	189,180
Capital assets, not being depreciated	
Land and improvements	1,226,263
Capital assets, being depreciated	
Infrastructure	343,921
Less: Accumulated depreciation	<u>(143,113)</u>
Total Non-current Assets	<u>1,616,251</u>
Total Assets	<u>2,486,352</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding, net	<u>265,590</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	246
Bonds payable	150,000
Accrued interest	206,185
Total Current Liabilities	<u>356,431</u>
Non-current liabilities	
Bonds payable, net	<u>3,580,261</u>
Total Liabilities	<u>3,936,692</u>
NET POSITION	
Net investment in capital assets	(143,113)
Unrestricted	<u>(1,041,637)</u>
Total Net Position	<u>\$ (1,184,750)</u>

See accompanying notes to financial statements.

Overoaks Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position Governmental Activities
Primary government			
Governmental Activities			
General government	\$ (100,532)	\$ 126,984	\$ 26,452
Physical environment	(172,024)	206,329	34,305
Interest on long-term debt	(272,255)	403,987	131,732
Total Governmental Activities	\$ (544,811)	\$ 737,300	192,489
General Revenues			
Investment earnings			14,868
Change in Net Position			207,357
Net Position - October 1, 2018			(1,392,107)
Net Position - September 30, 2019			\$ (1,184,750)

See accompanying notes to financial statements.

Overoaks Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2019

	General	2010-A1 Debt Service	2010-A2 Debt Service	Total Governmental Funds
ASSETS				
Cash	\$ 813,018	\$ -	\$ -	\$ 813,018
Investments	39,706	-	-	39,706
Due from other funds	-	768	8,077	8,845
Due from other governments	2,278	834	1,887	4,999
Prepaid expenses	11,308	-	-	11,308
Deposits	1,070	-	-	1,070
Restricted assets				
Investments, at fair value	-	66,721	122,459	189,180
Total Assets	\$ 867,380	\$ 68,323	\$ 132,423	\$ 1,068,126
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 246	\$ -	\$ -	\$ 246
Due to other funds	2,503	6,342	-	8,845
Total Liabilities	2,749	6,342	-	9,091
Fund Balances				
Nonspendable - deposits/prepaid expenses	12,378	-	-	12,378
Restricted for debt service	-	61,981	132,423	194,404
Assigned - first quarter operations	83,229	-	-	83,229
Unassigned	769,024	-	-	769,024
Total Fund Balances	864,631	61,981	132,423	1,059,035
Total Liabilities and Fund Balances	\$ 867,380	\$ 68,323	\$ 132,423	\$ 1,068,126

Overoaks Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2019

Total Governmental Fund Balances	\$ 1,059,035
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, land and improvements, in governmental activities are not current financial resources and therefore, are not reported at the fund level.	1,226,263
Capital assets being depreciated, infrastructure (\$343,921) net of accumulated depreciation (\$143,113) used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	200,808
Long-term liabilities, including bonds payable (\$(3,930,000)) net of bond discounts, net (\$199,739) are not due and payable in the current period and, therefore, are not reported at the fund level.	(3,730,261)
Deferred outflows of resources, deferred amount on refunding net, are not current financial resources and therefore, are not reported at the fund level.	265,590
Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported at the fund level.	(206,185)
Net Position of Governmental Activities	\$ (1,184,750)

See accompanying notes to financial statements.

Overoaks Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	General	2010-A1 Debt Service	2010-A2 Debt Service	Total Governmental Funds
Revenues				
Special assessments	\$ 333,313	\$ 127,999	\$ 275,988	\$ 737,300
Investment earnings	14,481	151	236	14,868
Total Revenues	<u>347,794</u>	<u>128,150</u>	<u>276,224</u>	<u>752,168</u>
Expenditures				
Current				
General government	100,532	-	-	100,532
Physical environment	160,559	-	-	160,559
Debt service				
Principal	-	45,000	95,000	140,000
Interest	-	76,256	173,031	249,287
Other	-	1,606	3,634	5,240
Total Expenditures	<u>261,091</u>	<u>122,862</u>	<u>271,665</u>	<u>655,618</u>
Net Change in Fund Balances	<u>86,703</u>	<u>5,288</u>	<u>4,559</u>	<u>96,550</u>
Fund Balances - October 1, 2018	<u>777,928</u>	<u>56,693</u>	<u>127,864</u>	<u>962,485</u>
Fund Balances - September 30, 2019	<u>\$ 864,631</u>	<u>\$ 61,981</u>	<u>\$ 132,423</u>	<u>\$ 1,059,035</u>

Overoaks Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	96,550
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period.		(11,465)
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Activities.		140,000
Governmental funds report bond discounts as expenditures. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense. This is the amount of amortization expense in the current year.		(16,189)
The deferred amount on refundings of debt is recognized as a component of interest expense in the Statement of Activities, but not in the governmental funds. This is the amount of current year interest.		(21,249)
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net change in accrued interest in the current period.		19,710
Change in Net Position of Governmental Activities	\$	207,357

See accompanying notes to financial statements.

Overoaks Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 331,914	\$ 331,914	\$ 333,313	\$ 1,399
Investment earnings	2,500	2,500	14,481	11,981
Total Revenues	<u>334,414</u>	<u>334,414</u>	<u>347,794</u>	<u>13,380</u>
Expenditures				
Current				
General government	124,063	124,063	100,532	23,531
Physical environment	213,199	213,199	160,559	52,640
Total Expenditures	<u>337,262</u>	<u>337,262</u>	<u>261,091</u>	<u>76,171</u>
Net Change in Fund Balances	(2,848)	(2,848)	86,703	89,551
Fund Balances - October 1, 2018	<u>713,675</u>	<u>713,675</u>	<u>777,928</u>	<u>64,253</u>
Fund Balances - September 30, 2019	<u><u>\$ 710,827</u></u>	<u><u>\$ 710,827</u></u>	<u><u>\$ 864,631</u></u>	<u><u>\$ 153,804</u></u>

See accompanying notes to financial statements.

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established, as a Community Development District, on December 20, 1990, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance 90-31 of the Board of County Commissioners of Osceola County. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or without the boundaries of the Overoaks Community Development District. The District is governed by a five-member Board of Supervisors who are elected for four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Overoaks Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 61, The Financial Reporting Entity, the District has not identified any discretely-presented component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole and its discretely-presented component unit. These statements include all the governmental activities of the primary government and its discretely-presented component unit. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments, developer contributions and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program

In the Government wide financial statement, amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure.

Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements provide information about major funds.

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to the Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by the state constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental funds generally report assets that are available spendable resources in the near term and liabilities that are payable from “available spendable resources.” Unassigned fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the fund financial statement in the year that resources are expended, rather than as fund assets. In addition, the proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

2010A-1 Debt Service Fund – Accounts for debt service requirements to retire the capital improvement bonds which were exchanged for a portion of the 2004 A and B bonds. The bond series is secured by a pledge of all available debt service special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

2010A-2 Debt Service Fund – Accounts for debt service requirements to retire the capital improvement bonds which were exchanged for a portion of the 2004 A and B bonds. The bond series is secured by a pledge of all available debt service special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

b. Restricted Net Position

Certain net position of the District is classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

c. Capital Assets

Capital assets, which include land and improvements, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

d. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

e. Unamortized Bond Discount

Bond discounts are presented on the government-wide financial statements. The costs are amortized over the life of the bonds using the method of accounting. For financial reporting, the unamortized bond discount is netted against the applicable long-term debt.

f. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds.

**Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019**

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$1,059,035, differs from “net position” of governmental activities, \$(1,184,750), reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (land and improvements) are purchased or constructed, the cost of these assets is reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

Land and improvements	\$ 1,226,263
Infrastructure	343,921
Less: Accumulated depreciation	<u>(143,113)</u>
Total	<u>\$ 1,427,071</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2019 were:

Bonds payable	\$ (3,930,000)
Bond discount, net	<u>199,739</u>
Total	<u>\$ (3,730,261)</u>

Deferred outflows of resources

Deferred outflows of resources applicable to the District’s governmental activities are not financial resources and therefore, are not reported as fund deferred outflows of resources.

Deferred amount on refunding, net	<u>\$ 265,590</u>
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Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds.

Accrued interest	<u>\$ (206,185)</u>
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Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$96,550, differs from the “change in net position” for governmental activities, \$207,357, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Depreciation	\$ <u>(11,465)</u>
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Long-term debt transactions

Repayments of bond principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Bond principal payments	\$ 140,000
Amortization of bond discount	(16,189)
Total	<u>\$ 123,811</u>

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	\$ 19,710
Amortization of deferred amount on refunding	(21,249)
Total	<u>\$ (1,539)</u>

**Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019**

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2019, the District's carrying value was \$813,018 and the bank balance was \$875,367. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2019, the District had the following investments and maturities:

Investment	Maturities	Fair Value
Money Markets	N/A	\$ 189,180
Certificate of Deposit	3/1/2020	39,706
Total		\$ 228,886

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The managed money market fund is considered a mutual fund asset type for applying the criteria noted in the paragraph above and is considered a level 1 asset.

Interest Rate Risk

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

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Money Market Accounts are 83% of the District's total investments. The investment in the Certificate of Deposit is 17% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2019 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2018-2019 fiscal year were levied in August 2018. All taxes are due and payable on November 1 or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Unpaid taxes are collected via the sale of tax certificates on or prior to, June 1.

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,226,263	\$ -	\$ -	\$ 1,226,263
Capital assets, being depreciated				
Infrastructure	343,921	-	-	343,921
Less accumulated depreciation for:				
Infrastructure	(131,648)	(11,465)	-	(143,113)
Total Capital Assets Being Depreciated, Net	212,273	(11,465)	-	200,808
Total Governmental Activities Capital Assets	\$ 1,438,536	\$ (11,465)	\$ -	\$ 1,427,071

Current year depreciation of \$11,465 was charged to physical environment.

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F – LONG-TERM DEBT

The following is a summary of activity of the long-term debt of the District for the year ended September 30, 2019:

Long-term debt at October 1, 2018		\$ 4,070,000
Principal payments		<u>(140,000)</u>
Long-term debt at September 30, 2019		3,930,000
Less: Bond discounts, net		<u>(199,739)</u>
Bonds Payable, Net		<u>\$ 3,730,261</u>

During the year, the non-exchanged Series 2004A Bond was paid/cancelled by the District.

Long-term debt is comprised of the following:

Capital Improvement Revenue Bonds

\$4,815,000 Capital Improvement Revenue Bonds, Series 2010A-1 and 2010A-2 due in annual principal installments, beginning May 1, 2011. Interest is due semi-annually on May 1 and November 1, beginning November 1, 2011, at a rate of 6.125% with a maturity date of May 1, 2035.

Bonds Payable		\$ 3,930,000
Less:		
Bond discounts		<u>(199,739)</u>
Bonds Payable, Net		<u>\$ 3,730,261</u>

Overoaks Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 150,000	\$ 240,713	\$ 390,713
2021	160,000	231,525	391,525
2022	165,000	221,725	386,725
2023	180,000	211,619	391,619
2024	190,000	200,594	390,594
2025-2029	1,155,000	811,869	1,966,869
2030-2034	1,555,000	411,294	1,966,294
2035	375,000	22,967	397,967
Totals	<u>\$ 3,930,000</u>	<u>\$ 2,352,306</u>	<u>\$ 6,282,306</u>

SUMMARY OF SIGNIFICANT BONDS RESOLUTION TERMS AND COVENANTS

Capital Improvement Revenue Bonds, Series 2010A-1, and 2010A-2

Depository Funds – The bond indenture establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Fund – The 2004A bonds were restructured in 2010 and no Reserve Account was funded from the proceeds of the restructure for the Series 2004A Bonds. The 2010 bonds were issued in 2010 to cure a default on the Series 2004 bonds and no Reserve Account was funded from the proceeds of the restructure. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

NOTE G – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.



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**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
Overoaks Community Development District
Osceola County, 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 Overoaks Community Development District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Overoaks Community Development District's internal control over financial reporting 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 Overoaks Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Overoaks Community Development District's internal control over financial reporting.

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 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 over financial reporting 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.

To the Board of Supervisors
Overoaks Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Overoaks Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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*.

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.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants
Fort Pierce, Florida

January 24, 2020



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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MANAGEMENT LETTER

To the Board of Supervisors
Overoaks Community Development District
Osceola County, Florida

Report on the Financial Statements

We have audited the financial statements of the Overoaks Community Development District as of and for the year ended September 30, 2019, and have issued our report thereon dated January 24, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals 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 January 24, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The prior audit findings were all corrected in the prior year audit.

To the Board of Supervisors
Overoaks Community Development District

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Overoaks Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Overoaks Community Development District did not meet one of the conditions described in Section 218.503(1) Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Overoaks Community Development District. It is management's responsibility to monitor the Overoaks Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2019.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we noted no such findings.

Purpose of this Letter

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, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

January 24, 2020



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Overoaks Community Development District
Osceola County, Florida

We have examined Overoaks Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2019. Management is responsible for Overoaks Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Overoaks Community Development 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 and, accordingly, included examining, on a test basis, evidence about Overoaks Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Overoaks Community Development District's compliance with the specified requirements.

In our opinion, Overoaks Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2019.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

January 24, 2020