

**Piney-Z Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2019

Piney-Z Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2019

TABLE OF CONTENTS

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	15
Notes to Financial Statements	16-26
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 <i>GOVERNMENT AUDITING STANDARDS</i>	27-28
MANAGEMENT LETTER	29-30
INDEPENDENT ACCOUNTANTS REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	31



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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Piney-Z Community Development District
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Piney-Z 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
Piney-Z 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 Piney-Z 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 on pages 3-8 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 February 20, 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 Piney-Z Community Development District's internal control over financial reporting and compliance.



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

February 20, 2020

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

Management's discussion and analysis of Piney-Z Community Development District (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*, 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 three categories; 1) net investment in capital assets, 2) restricted, and 3) 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 and debt service.

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.

**Piney-Z 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.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including improvements and infrastructure, are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

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 assets exceeded total liabilities by \$774,668. Net investment in capital assets for the District was \$430,258. Unrestricted net position for Governmental Activities was \$344,410.
- ◆ Governmental activities revenues totaled \$550,614 while governmental activities expenses totaled \$457,941.

**Piney-Z 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, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities	
	2019	2018
Current assets	\$ 356,589	\$ 328,804
Restricted assets	-	151,881
Capital assets	430,258	479,699
Total Assets	<u>786,847</u>	<u>960,384</u>
 Deferred Outflow of Resources	 -	 1,921
 Total Assets and Deferred Outflows	 <u>786,847</u>	 <u>962,305</u>
 Current liabilities	 <u>12,179</u>	 <u>280,310</u>
 Net position - net investment in capital assets	 430,258	 240,758
Net position - restricted	-	141,656
Net position - unrestricted	<u>344,410</u>	<u>299,581</u>
 Total Net Position	 <u><u>\$ 774,668</u></u>	 <u><u>\$ 681,995</u></u>

The decrease in restricted assets and current liabilities is related to the retirement of long-term debt in the current year.

The decrease in capital assets was primarily due to current year depreciation.

The increase in net position – net investment in capital assets and the decrease in restricted net position was primarily related to the retirement of the bonds in the current year.

**Piney-Z 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 and is presented by category for comparison purposes.

Change In Net Position

	Governmental Activities	
	2019	2018
Program Revenues		
Charges for services	\$ 513,420	\$ 639,966
General Revenues		
Miscellaneous	33,380	25,848
Investment earnings	3,814	2,771
	<hr/>	<hr/>
Total Revenues	550,614	668,585
	<hr/>	<hr/>
Expenses		
General government	108,320	127,311
Culture and recreation	308,592	243,181
Physical environment	31,758	32,181
Interest on long-term debt	9,271	22,916
	<hr/>	<hr/>
Total Expenses	457,941	425,589
	<hr/>	<hr/>
Change in Net Position	92,673	242,996
	<hr/>	<hr/>
Net Position - Beginning of Year	681,995	438,999
	<hr/>	<hr/>
Net Position - End of Year	<u>\$ 774,668</u>	<u>\$ 681,995</u>

The decrease in charges for services is related to the decrease in debt service special assessments in the current year as a result of the retirement of long-term debt.

The decrease in general government expenses was the result of less trustee fees and management fees in the current year.

The increase in culture and recreation expenses was primarily related to increased reserve expenses.

**Piney-Z 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.

	Governmental Activities	
	2019	2018
Recreational amenities	\$ 858,297	\$ 858,297
Infrastructure	394,717	394,717
Equipment	59,672	59,672
Less: accumulated depreciation	(882,428)	(832,987)
Governmental Activities Capital Assets	\$ 430,258	\$ 479,699

During the year, depreciation was \$49,441.

General Fund Budgetary Highlights

The final budget exceeded actual expenditures primarily because repair and maintenance expenditures were less than anticipated.

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

Debt Management

Governmental Activities debt includes the following:

- ◆ In February 2002, the District issued \$850,000 Series 2002 Capital Improvement Revenue Bonds. These bonds were issued to finance the acquisition of certain amenity improvements within the District. The balance outstanding was paid off during the year ended September 30, 2019.
- ◆ In February 2008, the District issued \$1,960,000 of Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund and redeem the outstanding principal balance of the \$2,125,000 Series 1997 Bonds Anticipation Notes and finance the acquisition and construction of certain infrastructure improvements within the District. The balance outstanding was paid off during the year ended September 30, 2019.

**Piney-Z 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

Piney-Z 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 Piney-Z 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 Piney-Z Community Development District, Inframark Infrastructure Management Services, 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

Piney-Z Community Development District
STATEMENT OF NET POSITION
September 30, 2019

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 352,578
Prepaid expenses	4,011
Total Current Assets	356,589
Non-Current Assets	
Capital Assets, Being Depreciated	
Recreational amenities	858,297
Infrastructure	394,717
Equipment	59,672
Less: accumulated depreciation	(882,428)
Total Non-Current Assets	430,258
Total Assets	786,847
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	12,179
 NET POSITION	
Net investment in capital assets	430,258
Unrestricted	344,410
Total Net Position	\$ 774,668

See accompanying notes to financial statements.

Piney-Z Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Governmental Activities
Governmental Activities			
General government	\$ (108,320)	\$ 100,336	\$ (7,984)
Culture and recreation	(308,592)	261,969	(46,623)
Physical environment	(31,758)	17,824	(13,934)
Interest on long-term debt	(9,271)	133,291	124,020
Total Governmental Activities	\$ (457,941)	\$ 513,420	55,479
	General Revenues		
			3,814
			33,380
			37,194
			92,673
			681,995
			\$ 774,668

See accompanying notes to financial statements.

Piney-Z Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2019

	General
ASSETS	
Cash	\$ 352,578
Prepaid expenses	4,011
Total Assets	\$ 356,589
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued expenses	\$ 12,179
 FUND BALANCES	
Nonspendable:	
Prepaid expenses	4,011
Assigned:	
Operating reserves	100,743
Amenities	81,208
Lodge	7,050
Pool pumps	8,000
Other	5,170
Unassigned	138,228
Total Fund Balances	344,410
Total Liabilities and Fund Balances	\$ 356,589

See accompanying notes to financial statements.

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

Total Governmental Fund Balances	\$ 344,410
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets being depreciated (infrastructure, \$394,717, equipment, \$59,672, recreational amenities, \$858,297; net of accumulated depreciation, \$(882,428)) used in governmental activities are not financial resources and; therefore, are not reported at the fund statement level.	<u>430,258</u>
Net Position of Governmental Activities	<u><u>\$ 774,668</u></u>

See accompanying notes to financial statements.

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

	General	2002 Debt Service	2008 Debt Service	Total Governmental Funds
Revenues				
Special assessments	\$ 380,129	\$ 53,838	\$ 79,453	\$ 513,420
Miscellaneous revenues	33,380	-	-	33,380
Investment earnings	3,420	72	322	3,814
Total Revenues	<u>416,929</u>	<u>53,910</u>	<u>79,775</u>	<u>550,614</u>
Expenditures				
Current				
General government	104,322	1,615	2,383	108,320
Culture and recreation	272,377	-	-	272,377
Physical environment	18,532	-	-	18,532
Debt service				
Principal	-	60,000	185,000	245,000
Interest	-	2,875	7,863	10,738
Total Expenditures	<u>395,231</u>	<u>64,490</u>	<u>195,246</u>	<u>654,967</u>
Excess of revenues over/(under) expenditures	<u>21,698</u>	<u>(10,580)</u>	<u>(115,471)</u>	<u>(104,353)</u>
Other Financing Sources/(Uses)				
Transfers in	23,131	-	-	23,131
Transfers out	-	(8,238)	(14,893)	(23,131)
Total Other Financing Sources(Uses)	<u>23,131</u>	<u>(8,238)</u>	<u>(14,893)</u>	<u>-</u>
Net change in Fund Balances	44,829	(18,818)	(130,364)	(104,353)
Fund Balances - October 1, 2018	<u>299,581</u>	<u>18,818</u>	<u>130,364</u>	<u>448,763</u>
Fund Balances - September 30, 2019	<u>\$ 344,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,410</u>

See accompanying notes to financial statements.

Piney-Z 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	\$ (104,353)
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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 expense. This is the amount of depreciation in the current year.	(49,441)
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Repayments of long-term liabilities are expenditures in the governmental funds, funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	245,000
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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 in the current year.	(1,138)
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The amortization for deferred amount on refunding 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.	(1,921)
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In the Statement of Activites, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest in the current period.	4,526
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Change in Net Position of Governmental Activites	\$ 92,673
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See accompanying notes to financial statements.

Piney-Z 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	\$ 378,919	\$ 378,919	\$ 380,129	\$ 1,210
Miscellaneous revenues	23,051	23,051	33,380	10,329
Investment earnings	1,000	1,000	3,420	2,420
Total Revenues	<u>402,970</u>	<u>402,970</u>	<u>416,929</u>	<u>13,959</u>
Expenditures				
Current				
General government	113,127	113,127	104,322	8,805
Culture and recreation	268,391	268,391	272,377	(3,986)
Physical environment	21,452	21,452	18,532	2,920
Total Expenditures	<u>402,970</u>	<u>402,970</u>	<u>395,231</u>	<u>7,739</u>
Excess of Revenues over/(under) Expenditures	<u>-</u>	<u>-</u>	<u>21,698</u>	<u>21,698</u>
Other Financing Sources/(Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>23,131</u>	<u>23,131</u>
Net Change in Fund Balances	-	-	44,829	44,829
Fund Balances - October 1, 2018	<u>303,253</u>	<u>303,253</u>	<u>299,581</u>	<u>(3,672)</u>
Fund Balances - September 30, 2019	<u><u>\$ 303,253</u></u>	<u><u>\$ 303,253</u></u>	<u><u>\$ 344,410</u></u>	<u><u>\$ 41,157</u></u>

See accompanying notes to financial statements.

Piney-Z 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 on June 11, 1997, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by the City of Tallahassee, Florida, as a Community Development District. 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 outside the boundaries of the Piney-Z Community Development District. The District is governed by a Board of Supervisors who are elected to four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Piney-Z 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 identified no 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

Piney-Z 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. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

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

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.

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 display information about major funds individually.

Piney-Z 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 reports fund balance according to 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 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.

Piney-Z 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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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 year that resources are expended, rather than as fund assets. 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.

Piney-Z Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

2002 Debt Service Fund – Accounts for debt service requirements to retire certain special assessment bonds which were used to finance the acquisition of certain District amenity improvements. The bonds were paid off and the fund was discontinued.

2008 Debt Service Fund – Accounts for debt service requirements to retire certain special assessment bonds which were used to finance the construction of District infrastructure improvements. The bonds were paid off and the fund was discontinued.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

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;

**Piney-Z 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)

a. Cash and Investments (Continued)

4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

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.

c. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks and similar items), 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 two years. 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.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Infrastructure – roads and drainage	30 years
Recreational amenities	30 years
Equipment	10 years

Piney-Z 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)

d. Deferred Outflow of Resources

Deferred outflow of resources is the consumption of net position by the government that is applicable to a future reporting period. Deferred amount on refunding is amortized and recognized as a component of interest expense over the life of the bond.

e. 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. As a result, deficits in the budget columns of the accompanying financial statements may occur.

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 (\$344,410) differs from “net position” of governmental activities (\$774,668) 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 are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Recreational amenities	\$	858,297
Infrastructure		394,717
Equipment		59,672
Less: accumulated depreciation		<u>(882,428)</u>
Total		<u>\$ 430,258</u>

Piney-Z 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 (\$(104,353)) differs from the “change in net position” for governmental activities (\$92,673) 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 on the next page.

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 decreases by the amount of depreciation charged for the year.

Depreciation	\$ <u>(49,441)</u>
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Long-term debt transactions

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

Bond principal payments	\$ 245,000
Bond discount amortization	<u>(1,138)</u>
Total	<u>\$ 243,862</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	\$ 4,526
Decrease in deferred amount on refunding	<u>(1,921)</u>
Total	<u>\$ 2,605</u>

Piney-Z 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 bank balance was \$358,083 and the carrying value was \$352,578. 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 did not have any investments.

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.

Based on the criteria in the preceding paragraph, the District did not hold any investments subject to the fair value hierarchy.

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

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.

Piney-Z Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE D – CAPITAL ASSETS

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

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
<u>Governmental activities:</u>				
Capital assets, being depreciated:				
Infrastructure - roads and drainage	\$ 394,717	\$ -	\$ -	\$ 394,717
Recreational amenities	858,297	-	-	858,297
Equipment	59,672	-	-	59,672
Total Capital Assets, Being Depreciated	<u>1,312,686</u>	<u>-</u>	<u>-</u>	<u>1,312,686</u>
Less accumulated depreciation for:				
Infrastructure - roads and drainage	(270,619)	(13,226)	-	(283,845)
Recreational amenities	(538,263)	(30,855)	-	(569,118)
Equipment	(24,105)	(5,360)	-	(29,465)
Total Accumulated Depreciation	<u>(832,987)</u>	<u>(49,441)</u>	<u>-</u>	<u>(882,428)</u>
Total Capital Assets Depreciated, Net	<u>\$ 479,699</u>	<u>\$ (49,441)</u>	<u>\$ -</u>	<u>\$ 430,258</u>

Current year depreciation was charged to physical environment, \$13,226, and culture and recreation, \$36,215.

NOTE E – INTERFUND TRANSFERS

Interfund transfers at September 30, 2019, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>		<u>Total</u>
	<u>2002 Debt Service</u>	<u>2008 Debt Service</u>	
General Fund	<u>\$ 8,238</u>	<u>\$ 14,893</u>	<u>\$ 23,131</u>

Transfers to the General Fund are due to debt being paid off in the debt service fund.

Piney-Z Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F – LONG-TERM DEBT

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

Long-term debt at October 1, 2018	\$ 245,000
Principal payments	<u>(245,000)</u>
Long-term debt at September 30, 2019	<u>\$ -</u>

The long-term debt was retired during the year ended September 30, 2019.

NOTE G – 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 for which the government carries commercial insurance. There were no claims or settled claims from these risks that have exceeded commercial insurance coverage over the past three years.

NOTE H – BOUNDARY AGREEMENT

On March 10, 2014, the Board approved a boundary agreement with Piney Z Land Company in which the District agreed to remove Phase 9 from its boundaries. As per the agreement, the Establishment Ordinance and Interlocal Agreement was amended to provide for the existence of the District beyond 2019.



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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
Piney-Z Community Development District
Leon 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 Piney-Z 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 February 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Piney-Z 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 Piney-Z Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Piney-Z 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.

Fort Pierce / Stuart

To the Board of Supervisors
Piney-Z Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Piney-Z 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*

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

February 20, 2020



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MANAGEMENT LETTER

To the Board of Supervisors
Piney-Z Community Development District
Leon County, Florida

Report on the Financial Statements

We have audited the financial statements of the Piney-Z Community Development District as of and for the year ended September 30, 2019, and have issued our report thereon dated February 20, 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 February 20, 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. There were no findings or recommendations in the preceding audit.

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 Piney-Z 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 Piney-Z Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

Fort Pierce / Stuart

To the Board of Supervisors
Piney-Z Community Development District

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 Piney-Z Community Development District. It is management's responsibility to monitor the Piney-Z 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 did not note any 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

February 20, 2020



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

To the Board of Supervisors
Piney-Z Community Development District
Leon County, Florida

We have examined Piney-Z Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2019. Management is responsible for Piney-Z Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Piney-Z 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 Piney-Z 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 Piney-Z Community Development District's compliance with the specified requirements.

In our opinion, Piney-Z 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

February 20, 2020