



BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Basic Financial Statements

September 30, 2020

(With Independent Auditors' Report Thereon)

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

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ON THE COVER

The cover photograph was submitted by
Kim Doyle, Customer & Admin Support Representative
in the Customer Service Center.

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Brownwood Community Development District (the District) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Board of Supervisors
Brownwood Community Development District
The Villages, Florida

INDEPENDENT AUDITOR'S REPORT

Opinions

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 the District, as of September 30, 2020, the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully described in Note 8 to the financial statements, information has been included regarding the uncertainty related to the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the accompanying table of contents, 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 our report dated February 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



February 1, 2021
Ocala, Florida

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

This Management Discussion and Analysis report provides the reader with a narrative overview and analysis of the financial activities of the Brownwood Community Development District for the fiscal year ending September 30, 2019. This report is designed to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the District's financial activities; (c) identify changes in the District's financial position and its ability to address the next and subsequent year challenges (d) identify any material deviations from the financial plan (the approved budget), and (e) identify any individual fund issues and concerns. The information contained within this section should be considered in conjunction with the District's Financial Statements.

FINANCIAL HIGHLIGHTS

- Total assets of the District are \$16,009,000; total assets have increased slightly over the prior year total asset balance of \$15,860,000.
- Total liabilities of the District are \$40,000; total liabilities have decreased \$17,000 over prior year.
- The assets of the District exceeded its liabilities as of September 30, 2020, by \$15,969,000 (net position). Of this amount, \$3,100,000 is unrestricted and can be used at the discretion of the Board of Supervisors.
- At September 30, 2020, fund balance for the Special Revenue Fund was \$3,100,000, or 170% of total special revenue fund operating revenues. Of this amount, \$214,000 is committed for renewal and replacement.
- The current year's unassigned fund balance for the Special Revenue Fund is \$2,886,000, or 158% of total general fund operating revenues.
- The total net position has increased slightly from a fiscal year 2019 balance of \$15,803,000 to a fiscal year 2020 balance of \$15,969,000.
- The District's total revenues of \$1,823,000 exceeded the expenses of \$1,657,000 for governmental activities, providing a \$166,000 increase in total net position.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$387,000 to show the need for the gradual replacement of these assets over time.
- The District has no outstanding debt as of September 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three sections:

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

This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the District's assets (and deferred outflows) and liabilities (and deferred inflows), with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

The *Statement of Changes in Net Position*, also referred to as the *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected assessments).

The government-wide financial statements are provided on pages 9-10 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's major funds individually. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The single fund of the District is considered a governmental fund. There are no proprietary or fiduciary funds maintained by the District. The fund financial statements present information in more detail than the government-wide financial statements.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund, the Brownwood Special Revenue Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the fund, which is considered to be a major fund.

A budgetary comparison statement is provided for the Special Revenue Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 11-15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented beginning on page 16.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
Management's Discussion and Analysis
September 30, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND ANALYSIS

Statement of Net Position

A comparison of the *Statement of Net Position* for the current year and prior year is presented below.

	<u>Governmental Activities</u>	
	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 3,140,283	2,603,914
Capital assets, net of accumulated depreciation	<u>12,868,969</u>	<u>13,255,978</u>
Total assets	<u>16,009,252</u>	<u>15,859,892</u>
Liabilities:		
Current and other liabilities	<u>39,984</u>	<u>56,593</u>
Total liabilities	<u>39,984</u>	<u>56,593</u>
Net position		
Net investment in capital assets	12,868,969	13,255,978
Unrestricted	<u>3,100,299</u>	<u>2,547,321</u>
Total net position	<u>\$ 15,969,268</u>	<u>15,803,299</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The District's total assets exceeded total liabilities by \$15,969,000. The net position increased \$166,000 from a balance of \$15,803,000 as of September 30, 2019.

The District's net position is broken down into two categories. The largest portion of the District's net position of \$12,869,000 or 81% reflects its investment in capital assets less any related outstanding debt. The remaining portion of \$3,100,000 or 19% is unrestricted and available to meet the future needs of the district as unrestricted net position.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
 Management's Discussion and Analysis
 September 30, 2020

Statement of Changes in Net Position

A comparison of the *Statement of Changes in Net Position* for the current year and prior year is presented below.

	<u>Governmental Activities</u>	
	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Special assessments	\$ 1,752,503	1,629,017
Other revenues	2,221	1,761
Investment income	68,469	80,906
Total revenues	<u>1,823,193</u>	<u>1,711,684</u>
Expenses:		
General government services	2,165	3,588
Physical environment	1,268,050	1,393,914
Depreciation (unallocated)	387,009	392,891
Total expenses	<u>1,657,224</u>	<u>1,790,393</u>
Changes in net position	\$ <u>165,969</u>	<u>(78,709)</u>

As noted earlier, the Statement of Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year.

Revenues The District's revenues for the years ended September 30, 2020, and September 30, 2019 were approximately \$1,823,000 and \$1,712,000 respectively. Total revenues increased 7% year over year. The District's expenses for the years ended September 30, 2020, and September 30, 2019, were \$1,657,000 and \$1,790,000 respectively. The decrease in expense was related primarily to an increase in physical environmental expenses.

Revenues include special assessment proceeds for maintenance and investment earnings on cash balances held during the year. Special assessment revenue totaled \$1,753,000 in fiscal year 2020, an increase of \$123,000 compared to the prior year. Investment income decreased by \$12,000 primarily due to market conditions related to the Coronavirus Pandemic.

Expenses General government expenses decreased 7% in fiscal year 2020 compared to fiscal year 2019. Physical environment expenses, including landscaping, irrigation, utilities and maintenance costs, decreased \$126,000, as compared to the prior fiscal year. In 2020, depreciation expense declined by \$6,000 compared to 2019.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUND

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a discussion of the financial statements on a fund accounting level.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

Governmental Fund

As of September 30, 2020, the District's governmental fund reported a fund balance of \$3,100,000, an increase over prior year balance of \$2,547,000. Of the total fund balance, the unassigned fund balance of \$2,886,000 is available for spending at the government's discretion, while \$214,000 is committed for renewal and replacement.

The Brownwood Special Revenue Fund is the operating fund of the District. As a measure of the Fund's liquidity, it may be useful to compare the unassigned and total fund balance to total fund expenditures. General Fund unassigned fund balance represents 227% of total annual General Fund expenditures and total fund balance represents 244% of total annual General Fund expenditures, a healthy reserve to meet unanticipated needs.

BROWNWOOD SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS

The Budget to actual comparison statement outlines the original budget, amended budget, actual amounts and any variance between the final budget and actual amounts. Budget amendments are approved throughout the year. Budgets are revised for a variety of reasons, such as an unforeseen expenditure. Below are notable variances between the original to final budget and final budget to actual.

- During fiscal year 2020, the final Special Revenue Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget was unchanged compared to the original budget.
- Actual Investment earnings of \$68,000 exceeded the budget of \$20,000.
- Actual Building, landscape and other maintenance expenses were 13% below the amended budget for the year and other expenses were 35% below the amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2020 amounts to \$12,869,000. This investment in capital assets includes land and improvements other than buildings. There were no capital assets added during the year. Depreciation expenses totaled \$387,000 resulting in an overall net decrease in capital assets of \$387,000.

Additional information regarding the District's capital assets can be found in Note 4 of the Notes to Basic Financial Statements.

Long-Term Debt

As of September 30, 2020, the District has no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local, state and national economic factors influence the District's budget in a variety of ways. These factors were considered in preparing the District's General Fund budget for the 2021 fiscal year.

- The unemployment rate in Sumter County where the District is located was 5.7% in September 2020, an increase from 4.1% a year ago. The County's average unemployment rate was significantly below the State's average unemployment rate of 7.2%, which was below the national average rate of 7.9%.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

- Inflationary trends in the area are comparable to national indices. The national Consumer Price Index (CPI) annual change for all urban consumers decreased from 1.71% in September 2019 to 1.37% in September 2020.

In fiscal year 2021, the total revenues are projected to decrease by \$50,000 compared to the fiscal year 2020 final budget. The fiscal year 2021 Special Revenue Fund expenditure budget projects a slight decrease of \$50,000, when compared to the fiscal year 2020 final budget.

TO OBTAIN FURTHER INFORMATION

The District's financial statements are designed to provide a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or would like additional financial information, contact the Village Community Development Districts, Finance Office at:

984 Old Mill Run
The Villages, FL 32162
Telephone (352) 753-0421

It is also suggested you visit our website at www.districtgov.org for general information and additional financial information about the District.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

September 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,283,820
Investments	856,077
Due from other governments	386
Accounts receivable	-
Capital assets:	
Non depreciable assets	1,774,511
Depreciable assets (net of accumulated depreciation)	11,094,458
Total assets	<u>16,009,252</u>
Liabilities	
Accounts payable	35,646
Due to other governments	4,338
Total liabilities	<u>39,984</u>
Net position	
Net investment in capital assets	12,868,969
Unrestricted	3,100,299
Total net position	<u>\$ 15,969,268</u>

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Total
Governmental activities:						
General government	\$ 2,165	-	-	-	(2,165)	(2,165)
Physical environment	1,268,050	1,752,503	-	-	484,453	484,453
Depreciation (unallocated)	387,009	-	-	-	(387,009)	(387,009)
Total governmental activities	\$ 1,657,224	1,752,503	-	-	95,279	95,279
General revenues:						
Miscellaneous revenue					2,221	2,221
Investment earnings					68,469	68,469
Total general revenues					70,690	70,690
Change in net position					165,969	165,969
Net position – beginning					15,803,299	15,803,299
Net position – ending					\$ 15,969,268	15,969,268

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Balance Sheet – Governmental Fund

September 30, 2020

		Brownwood Special Revenue Fund
Assets:		
Cash and cash equivalents	\$	2,283,820
Investments		856,077
Due from other governments		386
Accounts receivable		-
Total assets		<u><u>3,140,283</u></u>
Liabilities:		
Accounts payable		35,646
Due to other governments		4,338
Total liabilities		<u>39,984</u>
Fund balances:		
Committed for renewal & replacement		214,073
Unassigned		2,886,226
Total fund balances		<u>3,100,299</u>
Total liabilities and fund balances	\$	<u><u>3,140,283</u></u>

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position

September 30, 2020

Total fund balances, governmental fund		\$	3,100,299
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Capital assets	\$	15,986,810	
Less accumulated depreciation		<u>(3,117,841)</u>	<u>12,868,969</u>
Net position of governmental activities			\$ <u><u>15,969,268</u></u>

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in

Fund Balances – Governmental Funds

Year Ended September 30, 2020

	Brownwood Special Revenue Fund
Revenues:	
Special assessments	\$ 1,736,198
Rents and leases	16,305
Miscellaneous revenue	2,221
Investment earnings	68,469
Total revenues	<u>1,823,193</u>
Expenditures:	
Current	
General government services	2,165
Physical environment	1,268,050
Capital outlay	-
Total expenditures	<u>1,270,215</u>
Net change in fund balances	<u>552,978</u>
Fund balances, at beginning of year	<u>2,547,321</u>
Fund balances, at end of year	<u><u>\$ 3,100,299</u></u>

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances – Governmental Funds to the Statement of Activities
 Year Ended September 30, 2020

Net change in fund balances – total governmental funds	\$	552,978
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds do not report capital asset activity, however, in the statement of activities the depreciation expense is recorded.		
Depreciation expense		(387,009)
Capital Outlay		<u>-</u>
Change in net position of governmental activities	\$	<u><u>165,969</u></u>

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Year ended September 30, 2020

	Original Budget	Amended Budget	YTD Actual	Variance
REVENUES:				
Maintenance and Other Special Assessments	\$ 1,736,198	\$ 1,736,198	\$ 1,736,198	\$ -
Other Income	41,440	41,440	18,526	(22,914)
Investment Income	20,351	20,351	68,469	48,118
Total Revenues:	<u>1,797,989</u>	<u>1,797,989</u>	<u>1,823,193</u>	<u>25,204</u>
EXPENDITURES:				
Management and Other Professional Services	359,262	370,862	359,160	(11,702)
Utility Services	77,622	75,622	69,014	(6,608)
Building, Landscape and Other Maintenance	896,437	904,437	788,695	(115,742)
Capital Outlay	107,250	90,250	-	(90,250)
Other Expenditures	82,877	82,277	53,346	(28,931)
Total Expenditures	<u>1,523,448</u>	<u>1,523,448</u>	<u>1,270,215</u>	<u>(253,233)</u>
Excess (deficiency) of revenues over expenses	\$ 274,541	\$ 274,541	\$ 552,978	\$ 278,437
Beginning fund balance	<u>2,547,321</u>	<u>2,547,321</u>	<u>2,547,321</u>	<u>-</u>
Ending fund balance	<u>\$ 2,821,862</u>	<u>\$ 2,821,862</u>	<u>\$ 3,100,299</u>	<u>\$ 278,437</u>

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Brownwood Community Development District (the District) was established on June 25, 2012, for the purpose of acquiring, operating, and maintaining certain community-wide infrastructure for a commercial community development district located entirely within the City of Wildwood and Sumter County, Florida. The District was created by the City of Wildwood Ordinance No. 02012-20, pursuant to the provisions of Chapter 190.005, Florida Statutes, and operates within the criteria established by Chapter 190. The District is governed by a five-member Board of Supervisors who is elected on a rotating basis by the landowners within the District for terms from two to four years. As of September 30, 2020, each member of the Board of Supervisors is an employee of or affiliated with the Developer.

The District boundary consists of approximately 240 acres in the City of Wildwood and Sumter County. The Villages of Lake-Sumter, Inc. was the developer and initial owner of the property within the District. The District's primary purpose is to provide governmental and property maintenance services to this commercial District.

The land within the District is part of the active adult retirement community known as "The Villages". The Villages continues to be developed by the developer, a family-owned business established for the single purpose of developing The Villages. Today, The Villages spans approximately 50 square miles across the borders of Lake, Sumter and Marion Counties, the City of Wildwood, the City of Fruitland Park and the Town of Lady Lake, Florida, with a population of approximately 130,000. When fully developed, The Villages is expected to span 86 square miles and include approximately 136,000 residences and a population of 267,000. Development is currently underway in the south end of The Villages in District 13.

The financial statements of the District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. As defined by GASB, the financial reporting entity is required to include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, on the other hand, are reported in a separate column in the statement of net position to emphasize they are legally separate from the government.

There are no component units that are legally separate from the District. There are sixteen Community Development Districts in the total structure of The Villages, each being a separate government entity established pursuant to Chapter 190, Florida Statutes.

The following is a listing of these Community Development Districts:

- Village Center Community Development District provides water and sewer utility services, recreation facilities and services, security, fire protection, emergency medical first response (non-transport) and executive golf services to the residents. The cost of operations is funded by amenity and utility fees that residents pay monthly. This District also provides for the maintenance of

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

common areas and roadways for the commercial areas within the District boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments. Lastly, the District provides administrative services, including human resources, payroll, accounting, property management, recreation leadership and community standard services to the Community Development Districts.

- Sumter Landing Community Development District provides recreation facilities and services, security, fire protection, emergency medical first response (non-transport) and executive golf services to the residents. The cost of operations is funded by amenity fees that residents pay monthly. This District also provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries in Sumter County. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments.
- Brownwood Community Development District provides the maintenance of common areas and roadways for the commercial areas within the District boundaries in Sumter County. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments in the downtown area.
- The Village Community Development District No. 1 boundary consists of approximately 993 acres in Sumter County. The development included construction of 3,420 residential units.
- The Village Community Development District No. 2 boundary consists of approximately 990 acres in Sumter County. The development included construction of 3,668 residential units.
- The Village Community Development District No. 3 boundary consists of approximately 894 acres in Sumter County. The development included construction of 3,762 residential units.
- The Village Community Development District No. 4 boundary consists of approximately 1,253 acres in Marion County. The development included construction of 5,432 residential units.
- The Village Community Development District No. 5 boundary consists of approximately 1,407 acres in Sumter County. The development included construction of 6,399 residential units.
- The Village Community Development District No. 6 boundary consists of approximately 1,497 acres in Sumter County. The development included construction of 6,697 residential units.
- The Village Community Development District No. 7 boundary consists of approximately 976 acres in Sumter County. The development included construction of 4,765 residential units.
- The Village Community Development District No. 8 boundary consists of approximately 1,098 acres in Sumter County. The development included construction of 5,193 residential units of which 12 are being used as lifestyle preview homes by the Developer.
- The Village Community Development District No. 9 boundary consists of approximately 1,299 acres in Sumter County. The development included construction of 5,409 residential units.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

- The Village Community Development District No. 10 boundary consists of approximately 1,489 acres in Sumter County. The development included construction of 6,639 residential units of which 89 are being used as lifestyle preview homes by the Developer.
- The Village Community Development District No. 11 boundary consists of approximately 693 acres within the city limits of Fruitland Park in Lake County. The development included construction of 2,055 residential units.
- The Village Community Development District No. 12 boundary consists of approximately 1,478 acres within the city limits of the City of Wildwood in Sumter County. Planned development includes construction of 6,202 residential units of which 789 remain unsold as of the end of the fiscal year.
- The Village Community Development District No. 13 boundary consists of approximately 2,242 acres within the city limits of the City of Wildwood in Sumter County. Planned development includes construction of 8,152 residential units and construction is currently underway.

In order to acquire land and fund the construction costs of the District's public infrastructure, the District issued Special Assessment Revenue Bonds. The proceeds of these bonds were used to construct improvements within the District which consists of roadway improvements, landscaping, open areas, streetlights, multi-modal paths, master drainage systems and a water and waste water distribution and collection service system. The bonds are supported by assessments that are levied upon the benefiting properties. In addition to the bond assessment for construction of the infrastructure, there is an annual maintenance assessment to provide for the services and ongoing maintenance and administration.

It is anticipated that additional infrastructure improvements within The Villages will be undertaken by existing community development districts and/or a community development district yet to be created in the future, for which special assessments may be imposed on residences in The Villages and lands owned by the Developer.

In addition to the above community development districts, there is one dependent district of Sumter County that is part of the family of Districts that comprise the local government of The Villages.

- North Sumter County Utility Dependent District (NSCUDD) - This dependent district provides water, wastewater and reclaimed water service to Village properties between C.R. 466 and C.R. 466A in Sumter County and potable services to Villages properties from C. R. 466A to S.R. 44 in Sumter County. NSCUDD also provides solid waste sanitation services for the Sumter County, Marion County, and portions of The Villages that are in the City of Fruitland Park and City of Wildwood.

Basis of Presentation

Government-wide Statements: The financial statements include both government-wide financial statements, based on the District as a whole, and fund financial statements. The government-wide financial statements report information on all of the non-fiduciary activities of the District. The effect of any inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by assessments and intergovernmental revenues, are reported separately from business-type

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

activities, which rely to a significant extent on fees charged to external parties. The District has no business-type activities.

The government-wide statement of net position reports the governmental activities of the District on a government-wide basis and on a full accrual basis, using the economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The statement of net position also addresses deferred inflows and deferred outflows. The statement of activities reflects the expenses of the District, which are offset by revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function.

Fund Financial Statements: Separate financial statements are provided for the governmental funds. Major individual governmental funds are presented in separate columns on the fund financial statements and all non-major funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide and the statements of the governmental funds. The District reports the Special Revenue Fund as the only major fund. The District has no non-major funds.

Program revenues in the statement of activities consist primarily of special assessment revenues. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets net of accumulated depreciation less outstanding capital asset related debt.

Restricted net position consists of assets that have third party (statutory, bond covenant or granting agency) or enabling legislation limits on their use. The District would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted net position represents net position not included in net investment in capital assets or restricted net position.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year in which the related debt is issued and the assessments established.

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

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

The following is the District's major governmental fund:

Brownwood Special Revenue Fund: The Special Revenue Fund is the sole operating fund of the District and is used to account for all financial resources of the general government. As a special purpose government, the responsibilities of Brownwood Community Development District are limited in scope.

The District has no non-major governmental funds.

Governmental Fund Balance Classifications

Governmental fund balances are classified as either non-spendable or spendable. Spendable balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances. A discussion of each is as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted into cash (such as inventories and prepaid amounts).
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes established by the highest decision making authority in the government. Committed amounts cannot be used for any other purpose unless the District removes those constraints by taking the same type action.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to a specific purpose within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The District does not currently use non-spendable or assigned categories of fund balance. All restricted fund balances relate to external debt service restrictions. The Board of Supervisors, the highest decision making authority of the District, approves the establishment, increase and reduction in committed fund balances by budget resolutions and amendments. All other fund balances are unassigned. Restricted and Committed fund balances are always used first for the purposes for which they are designated. Changes to this practice require prior Board of Supervisors approval. A minimum fund balance amount has not been formally adopted.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

Budgetary Information

The annual budget is formally adopted by the Board of Supervisors and serves as the legal authorization for expenditures. Legal authority and control are established in accordance with Section 190.008, Florida Statutes. The annual budget, as well as any subsequent amendment, is adopted and approved for the Special Revenue Fund by the Board of Supervisors. Budgets are adopted on a basis consistent with GAAP. All budget amounts presented in the statements reflect the original budget and the amended final budget.

Assets, Liabilities and Net Position

Cash, Cash Equivalents and Investments The District's considers cash and cash equivalents to be cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investments are recorded at fair value unless the investment qualifies as an external investment pool and follows the guidance in GASB, which allows the investment to be recorded at amortized cost under certain criteria. 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 method of measuring the fair value of investments uses the fair value hierarchy as defined by GASB.

Receivables and Payables The accounts receivable of the District are recorded in the government-wide and fund financial statements. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Capital Assets Capital assets, which may include property (land), buildings, infrastructure assets (roads, sidewalks, etc.), improvements, equipment, construction in progress and intangible assets, are reported in the government-wide financial statements.

The District has established the threshold for additions to capital assets as an asset with an acquisition cost of \$10,000 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The District values and records donated capital assets at the estimated fair value of the item at the date of its donation.

Routine maintenance and repairs to capital assets are not included in the reported value because they do not increase the capacity or extend the useful life of the capital asset.

Depreciation of capital assets is computed using the straight-line method and is recorded in general government expenses in the District's statement of activities. Estimated useful lives of the assets are as follows:

- Improvement other than building and structure 40 years
- Furniture and Equipment 5-10 years

Special Assessments: The District levies an annual maintenance assessment to the commercial property owners:

- **Maintenance Assessments:** The District has levied an assessment for the maintenance of the infrastructure of the District. This assessment is a part of the Special Revenue Fund's annual

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

budget. The maintenance assessment revenue is classified as program revenue and is accounted for in the Special Revenue Fund.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures/expenses during the reporting period. Some of these estimates include assessing the collectability of the receivables, the useful lives of capital assets and the collectability of the liabilities. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they could ultimately differ from actual results.

Date of Management's Review

Subsequent events were evaluated by management through February 1, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The District maintains an approved Investment Policy and Long-Term Portfolio Investment Policy in compliance with guidelines established by Florida Statutes.

The primary objective of the District's Investment policy is to assure safety and preservation of principal. The objective is to mitigate credit and interest rate risk, maintain the necessary liquidity to match expected liabilities and maximize yield.

The primary objective of the District's Long-term Portfolio Investment policy is to achieve a long-term (five years or longer) level of return commensurate with the contemporary economic conditions and equal to or exceeding the then prevailing investment environment.

Cash and Cash Equivalents: The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent and short-term investments with an original maturity of three months or less.

The District invests its operating cash solely in Qualified Public Depositories that meet the requirements of Chapter 280, Florida Statutes "Florida Security for Public Deposits Act". In addition to protection of up to \$250,000 for its deposits with a single bank as provided by the Federal Deposit Insurance Corporation (FDIC), the District's deposits are provided the extra level of security afforded by using a public depository that meets the requirements of Chapter 280. This includes the provision by the public depository of collateral based on the amount of public deposits maintained at the institution and the ability of the State of Florida to levy other public depositories for shortages in collateral in the event of the failure of a public depository. Citizens First Bank is a Qualified Public Depository.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

As of September 30, 2020, the District’s Cash and Cash Equivalents consisted of:

<u>Cash and Cash Equivalents</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Citizens First Bank demand deposits	\$ 25,265	1.0	n/a
Florida Cooperative Liquid Assets Securities System, FLCLASS	2,258,555	51.0	AAAm
Total Cash and Cash Equivalents	<u>\$ 2,283,820</u>		
Portfolio Weighted Average Maturity (WAM)		50.4	

The District invests excess funds pursuant to the guidelines established in Section 218.415, Florida Statutes. The authorized investments consist of:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act as provided in Section 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market mutual funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Repurchase agreements with financial institutions approved as public depositories, provided that the underlying collateral consists of obligations of the United States Government, its agencies and instrumentalities. The repurchase agreement shall be collateralized equal to at least 102 percent of the value of the District’s investment.

The District has further segregated a portion of its investment into a long-term investment portfolio with further investment guidelines. The investment objectives are based on a long-term investment horizon of five years or longer. The District has developed a long-term investment horizon such that the risk and duration of investment losses are carefully weighed against the long-term potential for asset growth. A large portion of the assets will be invested in longer-term investments and will be diversified with the intent to minimize risk loss. In order to best balance risk and return for optimal diversification, the following asset allocation has been identified:

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets		
Domestic Equity	20% - 60%	40%
International Equity	0% - 40%	20%
Other	0% - 20%	0%
Income Assets		
Fixed Income	20% - 60%	40%
Other	0% - 20%	0%
Real Return Assets		
	0% - 20%	0%
Cash Equivalents		
	0% - 20%	0%

As of September 30, 2020, the District’s Investments consisted of:

<u>Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
Florida Fixed Income Trust, FLFIT	\$ 266,121	0.56	AAAf1/S1
Florida Local Government Investment Trust	276,604	2.00	AAAf/S1
PFM Multi-Manager Domestic Equity Fund	125,404	n/a	n/a
PFM Multi-Manager International Equity Fund	66,635	n/a	n/a
PFM Multi-Manager Fixed Income Fund	121,313	8.30	AA
Total Investments	<u>\$ 856,077</u>		
Portfolio Weighted Average Maturity (WAM)		2.00	

The District participates in the following external investment pools:

- The Florida Local Government Investment Trust (the Trust) is administered by a Board of Trustees appointed by the Florida Association of Court Clerks and County Comptroller, and the Florida Association of Counties, Inc. The Trust was created to provide a means for public entities to pool surplus funds to maximize net earnings certificates of deposit. The District’s investment in the Trust Short-Term Bond Fund does not meet the requirements of GASB Statement No. 79 and is valued at variable Net Asset Value (NAV), which approximates fair value.
- The Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool designed to provide a safe and competitive investment alternative for Florida governmental entities. FLCLASS does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.
- Florida Fixed Income Trust Enhanced Cash Pool is a Series Trust designed to provide liquid solutions to local governments of Florida. The funds objective is to provide liquidity and preservation of capital while providing current income consistent with low volatility of net asset value. The fund does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

Fair Value Hierarchy. GASB Statement No. 72, Fair Value Measurement and Application, sets forth the framework for measuring fair value. The District’s investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

The valuation measurement levels are defined below:

- Level 1 inputs are unadjusted price quotations in active markets/exchanges for identical assets or liabilities that a government can access at the measurement date.
- Level 2 inputs are observable inputs including, but not limited to, quoted prices for similar assets or liabilities in active markets, quoted process for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs
- Level 3 inputs are unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

At September 30, 2020, the District’s investments carried the following Fair Value Hierarchy:

	Total	Level 1	Level 2	Level 3
Investment by fair value level:				
PFM Multi-Manager Domestic Equity Fund	\$ 125,404	\$ -	\$ 125,404	\$ -
PFM Multi-Manager International Equity Fund	66,635	-	66,635	-
PFM Multi-Manager Fixed Income Fund	<u>121,313</u>	<u>-</u>	<u>121,313</u>	<u>-</u>
Totals	<u>\$ 313,352</u>	<u>\$ -</u>	<u>\$ 313,352</u>	<u>\$ -</u>

Management of the following investment risks are addressed below:

- Custodial credit risk is the risk that a government will not be able to recover deposits or the value of an investment that’s in the possession of a failed institution or counterparty.
 - The financial institution in which the District places its deposits is certified as a “qualified public depository” as required under the Florida Security for Public Deposits Act. Therefore, the deposits are entirely insured by Federal depository insurance and collateralized pursuant to Chapter 280, Florida Statutes.
 - At September 30, 2020, and consistent with the investment policy, the District’s investments are all registered in the name of the District by a custodian or a trustee for the District.
- Credit risk is the risk of loss from an issuer’s failure to repay principal and/or interest on a debt obligation. To manage this risk, the District’s investment policy identifies and limits investments to only top ratings issued by nationally recognized statistical rating organization.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

- Concentration of investment risk is the increasing probability of loss arising from heavily lopsided exposure to an asset class, issuer, structure or maturity. The District's investment policy stipulates guidelines for diversification of investments by limiting investments to avoid over-concentration in securities from a specific issuer or business sector; limiting investments in securities with higher credit risk; investments in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.
- Interest rate risk is the risk that a security's value will decrease with a rise in interest rates. To manage interest rate risk, the District maintains a formal investment policy that limits investment maturities not to exceed five (5) years. The District maintains and reports interest rate risk using the Weighted Average Maturity (WAM) method. A weighted average takes into account both the timing and the amounts of the maturities. The District manages its exposure to decline in fair values by limiting the WAM of its investment portfolio to less than three (3) years.
- Foreign currency risk is the risk of loss from a reduction in value affected by changes in the rate of exchange. The District's investment policies do not allow for direct investments in foreign currency.

NOTE 3 –RECEIVABLES AND PAYABLES

Receivables

Due from other Governments The inter-government balances result from the time lag between the dates that (1) inter-government goods and services were provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system and (3) payments between governments are made. The balance at September 30, 2020 is expected to be repaid shortly after year-end from available current assets and next year funding.

There is no allowance for doubtful accounts as of September 30, 2020 as management believes the accounts are fully collectible.

Payables

Accounts Payable As of September 30, 2020, a total \$36,000 is due to trade vendors in the normal course of business. This balance is expected to be repaid shortly after year-end from available current assets and next year funding.

Due to other Governments The inter-government balances result from the time lag between the dates that (1) inter-government goods and services were provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system and (3) payments between governments are made. The balance at September 30, 2020 is expected to be repaid shortly after year-end from available current assets and next year funding.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Assets not being depreciated:				
Land	\$ 943,509	-	-	943,509
Works of art	831,002	-	-	831,002
Total assets not being depreciated	<u>1,774,511</u>	<u>-</u>	<u>-</u>	<u>1,774,511</u>
Assets being depreciated:				
Buildings and structures	1,554,046	-	-	1,554,046
Furniture & equipment	137,828	-	-	137,828
Infrastructure	12,520,425	-	-	12,520,425
Total assets being depreciated	<u>14,212,299</u>	<u>-</u>	<u>-</u>	<u>14,212,299</u>
Less accumulated depreciation for:				
Buildings and structures	(275,195)	(38,852)	-	(314,047)
Furniture & equipment	(137,828)	-	-	(137,828)
Infrastructure	(2,317,809)	(348,157)	-	(2,665,966)
Total accumulated depreciation	<u>(2,730,832)</u>	<u>(387,009)</u>	<u>-</u>	<u>(3,117,841)</u>
Governmental activities, capital assets, net	\$ <u>13,255,978</u>	<u>(387,009)</u>	<u>-</u>	<u>12,868,969</u>

Depreciation expense of \$387,000 was recognized during the year.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 5 – LONG- TERM DEBT

The district has no long-term debt as of September 30, 2020.

NOTE 6 – RELATED PARTIES

The District has no employees. For certain management, finance, and administrative services, the District entered into an inter-local agreement with Village Center Community Development District (Center District), a community development district created under Florida Statute 190. Under the agreement, fees accrued to the Center District by the District for such services totaled \$244,000 for the year ended September 30, 2020. The District has also contracted with VCCDD for technology services which for the year ended September 30, 2020, totaled \$5,000.

The District has an agreement with the Sumter Landing Community Development District (SLCDD) for maintenance of Project Wide Improvements. This fund under SLCDD is designed for the Districts south of C.R. 466 to share in the cost to maintain improvements and facilities that extend beyond the geographic boundaries of those Districts and benefit all residents of the Districts. Each participating District is allocated a proportionate share based on assessable acreage for the actual cost of maintaining the Project Wide improvements. During the fiscal year ending September 30, 2020, the District's allocation to Project Wide was \$226,000.

The District paid Central Sumter Utility, LLC, a utility owned by The Villages, a total \$12,000 for it water and irrigation in FY 2020. The District paid The Daily Sun, a newspaper owned by The Villages, a total \$1,000 for certain legal advertisements in FY 2020.

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, crime, auto liability, employee practice liability, theft, damage and destruction of assets, errors and omissions and natural disasters. To manage much of this risk, the District carries insurance, however, the District retains risk for certain property coverage and for losses in excess of coverage limits. Any settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 8 – COVID-19 PANDEMIC

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, for the health and safety of both our residents and staff. Measures have included accepting cashless payments, safety training, social distancing, working from home and requiring appointments for customer service visits. At this time, the impact on our operations has been minimal and based on our experience to date we expect this to remain the case. The effect primarily has been the impact on the investment markets, See Investment Note 2. We have taken these considerations into account in the preparation of the 2021 budget. We will continue to follow the various government policies and advice and, in turn, we will continue to adjust our practices to permit continued operations in the best and safest way possible without jeopardizing the health of our people.

**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**

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Brownwood Community Development District (the District) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 1, 2021.

Internal Control over Financial Reporting

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

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

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

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



February 1, 2021
Ocala, Florida

MANAGEMENT LETTER

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the financial statements of the Brownwood Community Development District (the District) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 1, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 11.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 11.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 1, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 11.554(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 and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 11.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements (see Note 1 of the District's September 30, 2020, basic financial statements for this information). There are no component units related to the entity.

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Board of Supervisors
Brownwood Community Development District
The Villages, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 11.554(1)(i)5.a. and 11.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 11.554(1)(i)5.b. and 11.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 11.554(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 11.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



February 1, 2021
Ocala, Florida

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
FLORIDA STATUTE SECTION 218.415 - INVESTMENT OF PUBLIC FUNDS**

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

We have examined the Brownwood Community Development District's (the District) compliance with Section 218.415, Florida Statutes, with regards to the District's investments during the fiscal year ended September 30, 2020. District management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

This report is intended solely for the information and use of the Florida Auditor General, and the Board of Supervisors of the District, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



February 1, 2021
Ocala, Florida