



**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Basic Financial Statements

September 30, 2020

(With Independent Auditors' Report Thereon)

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

**Table of Contents**

	<b>Page</b>
<b>Financial Section</b>	
Independent Auditors' Report on the Financial Statements	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position – Proprietary Funds	9
Statement of Revenues, Expenditures and Changes in Fund Net Position – Proprietary Funds	10
Statement of Cash Flows – Proprietary Funds	11
Notes to Basic Financial Statements	12
<b>Other Reports</b>	
Independent Auditors' 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>	29
Management Letter	31
Independent Accountants' Report	33

**ON THE COVER**

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

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
North Sumter Utility Dependent District  
The Villages, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of North Sumter Utility Dependent 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.

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Supervisors  
North Sumter Utility Dependent 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 business-type activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position and cash flows thereof, 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 10 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 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

## NORTH SUMTER COUNTY UTILITY DEPENDENT 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 North Sumter County Utility Dependent District for the fiscal year ending September 30, 2020. 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 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 \$310,141,000; and the deferred outflows of the resources of the District are \$4,995,000.
- Total liabilities of the District are \$308,139,000; and the deferred inflows of the resources of the District are \$0.
- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of September 30, 2020, by \$6,996,000 (net position). Of this amount, \$48,461,000 is unrestricted and can be used at the discretion of the Board of Supervisors.
- The District's total revenues of \$45,330,000 exceeded the expenses of \$41,608,000, providing a \$3,722,000 increase in total net position.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$6,533,000 to show the need for the gradual replacement of these assets over time. Amortization expense totaled \$3,792,000 for the current year.
- The District's total debt increased by \$90,284,000 during the year ending 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 two sections:

- Fund financial statements
- Notes to the financial statements.

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

### Fund Financial Statements

The fund financial statements provide 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 District maintains two proprietary funds. There are no government or fiduciary funds maintained by the District. The fund financial statements present information in more detail than the government-wide financial statements.

### Proprietary funds

Proprietary funds are used to report business-type activities. The District maintains two proprietary funds, the North Sumter Utility Enterprise Fund (NSU) Fund and the Sumter Sanitation Fund (SSF). Enterprise funds, a category of proprietary funds, are included as *business-type activities* in the government-wide financial statements. The proprietary fund financial statements provide separate information for NSU and SSF, both of which are considered to be major funds of the North Sumter County Utility Dependent District.

## NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

The District maintains the following two proprietary funds:

- **North Sumter Utility Dependent District Utility Enterprise Fund (NSU):** The NSU Fund provides water, wastewater and reclaimed water services to customers located in the Village Community Development District Nos. 5, 6, 7 and 8 residential areas and the Sumter Landing Community Development District commercial areas in Sumter County.
- **Sumter Sanitation Fund (SSF):** The SSF Fund provides trash, yard waste and recycling collection services to residents located in Village Community Development District Nos. 1-11 and commercial businesses located in the Sumter Landing community Development District commercial areas in Sumter County.
- **Central Sumter Utility Fund (CSU):** The CSU Fund provides potable water supply, treatment and distribution for a portion of The Villages located within the unincorporated region of Sumter County, the City of Wildwood and the City of Fruitland Park to customers located in the Village Community Development District Nos. 9, 10 and 11 residential areas.

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.

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 *Statement of Cash Flow* presents the impact on the District of the cash flows from operations, capital and financing activities and investing activities.

Government-wide financial statements are not required to be reported because the District has no governmental activities. The District is a special purpose government with two proprietary funds. The business-type activities of the District include water and sewer and reclaimed water utilities and trash collection services serving a portion of The Villages. The District has no component units, as all functions are performed by the primary government.

The proprietary fund financial statements are provided on pages 9-11 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 12.

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**  
 Management's Discussion and Analysis  
 September 30, 2020

**BUSINESS-TYPE ACTIVITIES 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.

	<b>Business-type Activities</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
Assets:		
Current assets	\$ 48,047,807	37,425,170
Restricted assets	12,769,175	22,458,164
Capital assets (net of accumulated depreciation)	153,649,288	89,556,828
Bond insurance costs (net of accumulated amortization)	172,527	947,046
Intangible assets (net of accumulated amortization)	95,502,072	70,262,804
Total Assets	<u>310,140,869</u>	<u>220,650,012</u>
Deferred outflows of resources		
Deferred amount on debt refunding	4,994,703	-
Liabilities:		
Current liabilities	8,469,388	7,990,617
Long term debt:		
Due in one year	1,571,213	4,900,000
Due in more than one year	298,098,641	204,485,368
Total Liabilities	<u>308,139,242</u>	<u>217,375,985</u>
Net position:		
Net investment in capital assets	(43,636,337)	(35,608,478)
Restricted for debt service	1,754,923	4,589,620
Restricted for renewal and replacement	416,334	416,334
Unrestricted	48,461,410	33,876,551
Total net position	<u>\$ 6,996,330</u>	<u>3,274,027</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's total assets (and deferred outflows) exceeded total liabilities (and deferred inflows) by \$6,996,000. The net position increased \$3,722,000 from a balance of \$3,274, 000 as of September 30, 2019.

The District's net position is broken down into four categories:

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Management's Discussion and Analysis

September 30, 2020

- **Net investment in capital assets** reflects its investment in capital assets less any related outstanding debt to acquire those assets. The District uses these capital assets to provide services to its residents; therefore, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.
- **Restricted for debt service** An additional portion of the District's net position, \$1,755,000 represents resources that are subject to external restrictions on how they may be used. The District's restricted net position is restricted for the purpose of meeting its debt service obligations.
- **Restricted for renewal and replacement** A total \$416,000 of the District's net position is restricted by the bond indenture to ensure capital renewal and replacement is adequately funded, calculated as a minimum of 2% of the prior year's revenues.
- **Unrestricted net position** The remaining portion of \$48,461,000 is unrestricted and available to meet the future needs of the district as unrestricted net position.

**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.

	<b>Business-type Activities</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
Business activity revenues		
Charges for physical environment services	\$ 43,265,127	34,899,106
Investment income	1,145,151	1,388,864
Contributions - private sources & donations	602,029	-
Rents and royalties	271,215	256,479
Miscellaneous Revenues	41,810	37,895
Sale of surplus materials and scrap	5,200	21,690
Total revenues	<u>45,330,532</u>	<u>36,604,034</u>
Business activity expenses		
Physical environment	18,241,055	14,695,121
Interest on long-term debt	13,042,033	11,387,048
Depreciation (unallocated)	6,532,961	5,174,561
Amortization expense	3,792,180	3,031,791
Total expenses	<u>41,608,229</u>	<u>34,288,521</u>
Changes in net position	\$ <u>3,722,303</u>	<u>2,315,513</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.



**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**  
Management's Discussion and Analysis  
September 30, 2020

**Revenues** The District's revenues for the years ended September 30, 2020, and September 30, 2019 were approximately \$45,330,000 and \$36,604,000 respectively. Total revenues increased \$8,726,000 year over year. The District's expenses for the years ended September 30, 2020, and September 30, 2019, were \$41,608,000 and \$34,289,000 respectively. The increase in expense was related primarily to an increase in Physical Environment and interest expenses.

Revenues include charges for physical environment services, investment income and other miscellaneous income. The primary reason for the growth in charges for services was due to the purchase of Central Sumter Utility in December 2019. On average, charges for services increased 2 1/2% over prior year. The District received a \$602,000 contribution from the Developer through the purchase of CSU. Investment income declined by \$244,000 primarily due to market conditions related to the Coronavirus Pandemic.

**Expenses** Total expenses increased by \$7,320,000 in fiscal year 2020 compared to fiscal year 2019. This increase was primarily due to the purchase of Central Sumter Utility in December 2019. Depreciation expense increased \$1,358,000, Amortization expense increased \$760,000 and Interest Expense increased by \$1,655,000 year over year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's investment in capital assets as of September 30, 2020 amounts to \$153,649,000. This investment in capital assets includes land, buildings, infrastructure and furniture and fixtures. The District invested a total \$69,632,000 in the purchase of CSU during the year and other net investments totaling \$993,000. Depreciation expenses totaled \$6,533,000 resulting in an overall net increase in capital assets of \$64,092,000.

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, and September 30, 2019, the District had long-term debt outstanding of \$299,670,000 and \$209,385,000, respectively. The debt consists of various Revenue Bonds issued to purchase NSU, SSF and CSU. This debt is secured by a pledge of revenues under the indentures which are derived by the District from the users of the utility services.

Additional information regarding the District's long-term debt can be found in Note 6 of the Notes to Basic Financial Statements.

## **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 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%, is 3.2%, which was below the national average rate of 7.9%.

## NORTH SUMTER COUNTY UTILITY DEPENDENT 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.

**North Sumter Utility Fund:** In Fiscal Year 2021, the total revenues are projected to increase by \$50,000 compared to the Fiscal Year 2020 final budget. An increase in water, sewer and irrigation is offset by a projected decrease in investment earnings. The Fiscal Year 2021 expenditure budget projects an increase of \$525,000, when compared to the Fiscal Year 2020 final budget. The increase in expenditures results primarily from an increase capital outlay and management and professional service expenses.

**Sumter Sanitation Fund:** In Fiscal Year 2021, the total revenues are projected to increase by \$1,999,000 compared to the Fiscal Year 2020 final budget. Solid Waste fees make up the majority of the revenue increase. The Fiscal Year 2021 expenditure budget projects no substantial increase when compared to the Fiscal Year 2020 final budget. An increase in utility contract service expenditures is offset by a decrease in capital outlay.

**Central Sumter Utility Fund:** In Fiscal Year 2021, the total revenues are projected to increase by \$1,766,000 compared to the Fiscal Year 2020 final budget. Fiscal Year 2021 will be the first full year of service; NSCUDD purchased CSU in December 2019. An increase in water, sewer and irrigation is offset by a projected decrease in investment earnings. The Fiscal Year 2021 expenditure budget projects an increase of \$909,000, when compared to the Fiscal Year 2020 final budget. The increase in expenditures results primarily due to the first full year of operation in FY 2021.

### 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](http://www.districtgov.org) for general information and additional financial information about the District.

# North Sumter County Utility Dependent District

## Statement of Net Position

### Proprietary Funds

September 30, 2020

Assets	North Sumter Utility	Sumter Sanitation	Central Sumter Utility	NSCUDD Total
<b>Current assets:</b>				
Cash and cash equivalents	\$ 26,223,007	1,972,008	2,315,363	30,510,378
Restricted cash and cash equivalents	1,493,808	2,504,404	2,352,444	6,350,656
Investments	11,901,875	1,261,082	-	13,162,957
Accounts receivable, net	2,494,406	1,045,619	771,998	4,312,023
Due from other governments	1,470	69,036	374	70,880
Due from other funds	-	151,228	-	151,228
Accrued interest receivable and prepaids	5,115	-	1,875	6,990
Total current assets	<u>42,119,681</u>	<u>7,003,377</u>	<u>5,442,054</u>	<u>54,565,112</u>
<b>Non-current assets:</b>				
Restricted cash and cash equivalents	1,003,655	3,927,411	1,487,453	6,418,519
<b>Capital assets:</b>				
Non depreciable assets	948,206	-	40,230	988,436
Depreciable assets (net of accumulated depreciation)	84,432,659	-	68,228,193	152,660,852
Bond insurance costs (net of accumulated amortization)	-	-	172,527	172,527
Intangible assets (net of accumulated amortization)	26,600,937	40,669,264	28,231,871	95,502,072
Total non-current assets	<u>112,985,457</u>	<u>44,596,675</u>	<u>98,160,274</u>	<u>255,742,406</u>
Total assets	<u>155,105,138</u>	<u>51,600,052</u>	<u>103,602,328</u>	<u>310,307,518</u>
<b>Deferred outflows of resources</b>				
Deferred amount on refunding	4,994,703	-	-	4,994,703
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	332,243	742,373	793,357	1,867,973
Accrued expenses and other current liabilities	23,545	-	716	24,261
Accrued interest payable	1,422,645	1,232,126	2,067,250	4,722,021
Due to other governments	830,988	446	427,454	1,258,888
Due to other funds	92,477	-	58,751	151,228
Utility guarantee deposit	-	20,075	-	20,075
Unearned revenue	214	591,377	-	591,591
Current installment - due to developer	-	276,213	-	276,213
Current installments of revenue bonds payable	-	1,190,000	105,000	1,295,000
Total current liabilities	<u>2,702,112</u>	<u>4,052,610</u>	<u>3,452,528</u>	<u>10,207,250</u>
<b>Non-current liabilities:</b>				
Revenue bonds payable	149,057,806	48,712,630	100,328,205	298,098,641
Total non-current liabilities	<u>149,057,806</u>	<u>48,712,630</u>	<u>100,328,205</u>	<u>298,098,641</u>
Total liabilities	<u>151,759,918</u>	<u>52,765,240</u>	<u>103,780,733</u>	<u>308,305,891</u>
<b>Net position</b>				
Net investment in capital assets	(36,072,349)	(5,305,955)	(2,258,033)	(43,636,337)
<b>Restricted for:</b>				
Debt service	71,163	1,272,278	411,482	1,754,923
Renewal and replacement	416,334	-	-	416,334
Unrestricted	43,924,775	2,868,489	1,668,146	48,461,410
Total net position	<u>\$ 8,339,923</u>	<u>(1,165,188)</u>	<u>(178,405)</u>	<u>6,996,330</u>

See accompanying notes to basic financial statements.

**North Sumter County Utility Dependent District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2020**

	<u>North Sumter Utility</u>	<u>Sumter Sanitation</u>	<u>Central Sumter Utility</u>	<u>NSCUDD Total</u>
Operating revenues:				
Charges for services:				
Water revenue	\$ 4,656,294	-	2,160,050	6,816,344
Sewer revenue	7,857,714	-	4,111,305	11,969,019
Irrigation revenue	10,693,100	-	-	10,693,100
Solid waste revenue	-	13,484,583	-	13,484,583
Rents and royalties	226,362	-	44,853	271,215
Contribution from Developer	-	-	602,029	602,029
Miscellaneous revenue	183,679	18,673	114,571	316,923
Total operating revenues	<u>23,617,149</u>	<u>13,503,256</u>	<u>7,032,808</u>	<u>44,153,213</u>
Operating expenses:				
Contractual operation and maintenance services	2,833,974	8,937,685	913,439	12,685,098
General and administrative services	1,854,461	292,625	1,089,815	3,236,901
Utility services	1,100,866	-	296,231	1,397,097
Repair and maintenance services	364,131	27,132	77,182	468,445
Insurance, casualty and liability	212,915	-	-	212,915
Meter and operating supplies	138,964	-	74,667	213,631
Depreciation expense	5,168,937	-	1,364,024	6,532,961
Amortization expense	1,303,842	1,844,361	643,977	3,792,180
Total operating expenses	<u>12,978,090</u>	<u>11,101,803</u>	<u>4,459,335</u>	<u>28,539,228</u>
Operating income	<u>10,639,059</u>	<u>2,401,453</u>	<u>2,573,473</u>	<u>15,613,985</u>
Non-operating revenue (expenses):				
Investment income	969,930	136,129	39,092	1,145,151
Interest expense	(7,814,887)	(2,436,176)	(2,790,970)	(13,042,033)
Sale of surplus materials and scrap	5,200	-	-	5,200
Total non-operating revenue (expenses)	<u>(6,839,757)</u>	<u>(2,300,047)</u>	<u>(2,751,878)</u>	<u>(11,891,682)</u>
Change in net position	3,799,302	101,406	(178,405)	3,722,303
Total net position, beginning	<u>4,540,621</u>	<u>(1,266,594)</u>	<u>-</u>	<u>3,274,027</u>
Total net position, ending	<u>\$ 8,339,923</u>	<u>(1,165,188)</u>	<u>(178,405)</u>	<u>6,996,330</u>

See accompanying notes to basic financial statements.

## North Sumter County Utility Dependent District

### Statement of Cash Flows

#### Proprietary Funds

Year Ended September 30, 2020

	North Sumter Utility	Sumter Sanitation	Central Sumter Utility	NSCUDD Total
Cash flows from operating activities:				
Receipts from customers	\$ 23,820,905	13,493,354	6,083,595	43,397,854
Payments to suppliers	(6,271,572)	(9,785,632)	(1,171,430)	(17,228,634)
Net cash provided (used) by operating activities	17,549,333	3,707,722	4,912,165	26,169,220
Cash flows from capital and related financing activities:				
Principal paid on debt	(3,165,000)	(1,163,075)	-	(4,328,075)
Proceeds from debt	123,410,000	-	82,690,000	206,100,000
Payment to trustee	(160,831,366)	-	-	(160,831,366)
Premium on debt	25,926,584	-	18,144,987	44,071,571
Payment for capital assets	-	-	(98,503,607)	(98,503,607)
Acquisition of capital assets	(992,973)	-	-	(992,973)
Interest paid on debt	(8,722,256)	(2,464,551)	(1,125,502)	(12,312,309)
Net cash (used in) provided by capital and related financing activities	(24,375,011)	(3,627,626)	1,205,878	(26,796,759)
Cash flows from investing activities:				
Proceeds from sale of surplus material and scrap	5,200	-	-	5,200
Purchase of investments	(674,731)	(226,961)	-	(901,692)
Interest on investments	969,930	147,784	37,217	1,154,931
Net cash provided (used) by investing activities	300,399	(79,177)	37,217	258,439
Net increase (decrease) in cash and cash equivalents	(6,525,279)	919	6,155,260	(369,100)
Cash and cash equivalents, beginning of year	35,245,749	8,402,904	-	43,648,653
Cash and cash equivalents, end of year	28,720,470	8,403,823	6,155,260	43,279,553
Reconciliation of cash and cash equivalents per				
Statement of cash flows to the statement of net assets:				
Cash per statement of net position:				
Unrestricted cash and cash equivalents	26,223,007	1,972,008	2,315,363	30,510,378
Restricted cash and cash equivalents - current	1,493,808	2,504,404	2,352,444	6,350,656
Restricted cash and cash equivalents - non-current	1,003,655	3,927,411	1,487,453	6,418,519
Cash and cash equivalents	28,720,470	8,403,823	6,155,260	43,279,553
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	10,639,059	2,401,453	2,573,473	15,613,985
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	5,168,937	-	1,364,024	6,532,961
Amortization	1,303,842	1,844,361	643,977	3,792,180
Changes in assets and liabilities:				
(Increase) Decrease in:				
Accounts receivable	203,542	(93,271)	(771,998)	(661,727)
Due from other governments	541,988	(36,081)	427,080	932,987
Due to other fund	51,901	(110,652)	58,751	-
Prepaid expenses and Inventory	-	-	(177,215)	(177,215)
Due from developer	-	(338,010)	-	(338,010)
Increase (Decrease) in:				
Accounts payable	(349,269)	55,627	793,357	499,715
Unearned revenue	214	56,401	-	56,615
Accrued expenses and other current liabilities	(10,881)	(19,034)	716	(29,199)
Utility Guarantee Deposit	-	(53,072)	-	(53,072)
Net cash provided by operating activities	\$ 17,549,333	3,707,722	4,912,165	26,169,220

See accompanying notes to basic financial statements.

# NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2020

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Reporting Entity

The North Sumter County Utility Dependent District (the District) was established on July 13, 2010 to manage and finance solid waste collection and disposal, water, wastewater and reclaimed water utility services for approximately 8,000 acres of land located in unincorporated Sumter County in The Villages, Florida. The District was created by Sumter County, Florida, in Ordinance No. 2010-10, pursuant to the provisions of Chapter 189 of the *Florida Statutes*, and operates within the criteria established by Chapter 189. The District is governed by a seven-member Board of Supervisors. The Board is made up of one resident from each of Districts 5 through District 10, with an additional at-large member anywhere from within Districts 5 through 10. As of September 30, 2020, each member of the Board of Supervisors has been elected by qualified electors (registered voters).

The 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 Village 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.

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 Districts 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

## **NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

### Notes to Financial Statements

September 30, 2020

and utility fees that residents pay monthly. This District also provides for the maintenance of 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 as the new downtown area builds out.
- 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.

## NORTH SUMTER COUNTY UTILITY DEPENDENT 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.

#### **Basis of Presentation**

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.

**Fund Financial Statements:** The basic financial statements include fund financial statements. The financial reporting model focus is on the District as a whole, with only two proprietary funds. The statement of net position reports the proprietary activities of the District (a) on a government-wide basis and (b) 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 revenues, expenses and changes in fund net position - proprietary funds, reflects the revenues and expenses of the District.



## **NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

### Notes to Financial Statements

September 30, 2020

The District's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets the criteria set forth in GASB Statement 34. 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 is 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 proprietary fund 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.

The following are the District's three major enterprise funds, a category of proprietary funds:

**North Sumter Utility Dependent District Utility Enterprise Fund (NSU):** The NSU Fund collects charges for water, wastewater and non –potable irrigation water services. This fund is used to account for all costs of providing services on a continuing basis to customers located in the Village Community Development District Nos. 5, 6, 7, and 8 residential areas and the Sumter Landing Community Development District commercial areas in Sumter County.

**Sumter Sanitation Fund (SSF):** The SSF Fund collects the residential and commercial trash collection fees for solid waste collection services. This fund is used to account for all operating costs for providing the solid waste collection and disposal services to residential customers located in Village Community Development District Nos. 1-11 and the commercial customers of both Sumter Landing and Brownwood Community Development Districts.

**Central Sumter Utility Dependent District Utility Enterprise Fund (CSU):** The CSU Fund provides potable water supply, treatment and distribution for a portion of The Villages located within the unincorporated region of Sumter County, the City of Wildwood and the City of Fruitland Park to customers located in the Village Community Development District Nos. 9, 10 and 11 residential areas

There are no non-major funds within the District.

The District uses enterprise funds, a type of proprietary funds, to account for the operations and maintenance of the water, sewer and reclaimed water utility systems and solid waste collection and disposal services that are financed and operated in a manner similar to private business enterprises, where the costs of providing services on a continuing basis are financed through user charges.

## NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

### Notes to Financial Statements

September 30, 2020

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

#### **Budgetary Information**

The annual budget is formally adopted by the Board of Supervisors. Annual budgets are then approved by the Board of County Commissioners and serves as the legal authorization for expenditures. Legal authority and control are established in accordance with Chapter 189, Florida Statutes. The annual budget, as well as any subsequent amendment, is adopted and approved 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".

**Restricted Assets** Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted assets in the form of cash and cash equivalents that will be used to pay current liabilities are classified as current assets in the accompanying statement of net position.

The resolutions authorizing the utility revenue bonds require that the District establish sinking fund and reserve accounts in amounts that equal the Reserve Account Requirements, which are defined in the Bond Trust Indentures. In addition, the utility bond resolution requires that a renewal and replacement reserve be established. The renewal and replacement reserve deposits are maintained as restricted assets until such time as needed to fund those necessary water and sewer system renewals and replacements. The purchase and sale agreement provides that all utility system development charges remain the property of the seller. These funds are therefore collected directly by the seller.

# NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

## Notes to Financial Statements

September 30, 2020

**Deferred Outflows/Inflows of Resources** In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows of resources.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has no deferred outflows of resources.

**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. This threshold was increased effective October 1, 2018 from a previous threshold of \$5,000. 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

**Intangible Assets** Intangible assets represent the discounted value of future utilities service fees and sanitation collection fees to amortize the difference between the recorded value of the capital assets and the purchase price of the two utilities and sanitation system acquired, and are capitalized at cost at the date of acquisition. Intangible assets are amortized on a straight-line basis over an estimated useful life of 40 years for the utility intangible assets and 30 years for the solid waste collection rights intangible assets.

### 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.

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Notes to Financial Statements

September 30, 2020

**Date of Management’s Review**

Subsequent events were evaluated by management through February 1, 2020, 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.

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 Ave Maturity (Days)</u>	<u>Credit Rating</u>
Citizens First Bank demand deposits	1,682,408	1.0	n/a
Fl Cooperative Liquid Assets Securities System, FLCLASS	22,467,172	51.0	AAAm
Fl Public Assets for Liquidity Management (FL PALM)	6,360,798	46.0	AAAm
US Bank - State Board of Administration, Florida Prime TM	12,769,175	48.0	AAAm
Total Fair Value	\$ <u>43,279,553</u>		
Portfolio Weighted Average Maturity (WAM)		47.4	

# NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

## Notes to Financial Statements

September 30, 2020

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:

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

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Notes to Financial Statements

September 30, 2020

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

<b>Investments</b>	<b>Fair Value</b>	<b>Weighted Ave Maturity (Years)</b>	<b>Credit Rating</b>
Florida Fixed Income Trust, FLFIT	\$ 3,978,807	0.56	AAAf1/S1
Florida Local Government Investment Trust	5,090,344	2.00	AAAf/S1
PFM Multi-Manager Domestic Equity Fund	1,638,306	n/a	n/a
PFM Multi-Manager International Equity Fund	870,502	n/a	n/a
PFM Multi-Manager Fixed Income Fund	1,584,998	8.30	AA
Total Investments	<u>\$ 13,162,957</u>		
Portfolio Weighted Average Maturity (WAM)		1.94	

The District participates in the following external investment pools:

- The State Board of Administration for participation in the Local Government Investment Pool (Florida PRIME™) created by Section 218.415, Florida Statutes is an investment pool that operates under investment guidelines established by Section 215.47, Florida Statutes. The District’s investments in Florida PRIME™, a qualified external investment pool, meet the requirements of GASB Statement No. 79 and are reported at amortized cost.
- Florida Public Assets for Liquidity Management (FL PALM) is a fund whose objectives are to provide participants with the highest possible investment yield while it maintains liquidity and preserves capital, and maintains a stable NAV. The fund meets the requirements of GASB Statement No. 79 and is reported at amortized cost.
- 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.

**NORTH SUMTER COUNTY UTILITY DEPENDENT 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:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Investment by fair value level:</b>				
PFM Multi-Manager Domestic Equity Fund	\$ 1,638,306	\$ -	\$ 1,638,306	\$ -
PFM Multi-Manager International Equity Fund	870,502	-	870,502	-
PFM Multi-Manager Fixed Income Fund	<u>1,584,998</u>	<u>-</u>	<u>1,584,998</u>	<u>-</u>
<b>Totals</b>	<u><u>\$ 4,093,806</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,093,806</u></u>	<u><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.

## NORTH SUMTER COUNTY UTILITY DEPENDENT 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

**Accounts Receivable** Accounts receivable in the North Sumter Utility, Sumter Sanitation and Central Sumter Utility proprietary funds consist of amounts due for charges for water, sewer and non-potable irrigation water, and amounts owed by sanitation customers for services rendered, net of an allowance for doubtful accounts. For uncollectible accounts receivable, the allowance method is used. Total Accounts Receivable, net of the allowance for doubtful accounts as of September 30, 2020 was \$4,312,000.

The allowance for doubtful accounts totals \$105,000 as of September 30, 2020.

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

**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 received shortly after year-end.

##### Payables

**Accounts Payable** As of September 30, 2020, a total \$1,868,000 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.



**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Notes to Financial Statements

September 30, 2020

**Due to Developer** As of September 30, 2020, a total balance of \$276,000 remains Due to the Developer for the purchase of Sumter Sanitation in December 2012. This balance is being paid off in quarterly installments of \$150,000.

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Assets not being depreciated:				
Land	\$ 288,338	40,230	-	328,568
Construction in progress	244,395	432,324	(16,851)	659,868
Total assets not being depreciated	<u>532,733</u>	<u>472,554</u>	<u>(16,851)</u>	<u>988,436</u>
Assets being depreciated:				
Buildings and structures	15,231,967	-	-	15,231,967
Infrastructure	97,839,557	70,076,668	-	167,916,225
Furniture & fixtures	17,939,799	93,050	-	18,032,849
Total assets being depreciated	<u>131,011,323</u>	<u>70,169,718</u>	<u>-</u>	<u>201,181,041</u>
Total assets	<u>131,544,056</u>	<u>70,642,272</u>	<u>(16,851)</u>	<u>202,169,477</u>
Less accumulated depreciation for:				
Buildings and structures	(4,722,758)	(546,055)	-	(5,268,813)
Infrastructure	(26,178,281)	(4,799,054)	-	(30,977,335)
Furniture & fixtures	<u>(11,086,189)</u>	<u>(1,187,852)</u>	<u>-</u>	<u>(12,274,041)</u>
Total accumulated depreciation	<u>(41,987,228)</u>	<u>(6,532,961)</u>	<u>-</u>	<u>(48,520,189)</u>
Total Capital Assets, net	\$ <u>89,556,828</u>	<u>64,109,311</u>	<u>(16,851)</u>	<u>153,649,288</u>

The District invested a total \$69,632,000 in the purchase of CSU during the year and other additional capital improvements to infrastructure totaling \$993,000 in the current fiscal year. Depreciation expense of \$6,533,000 was recognized during the year.

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Notes to Financial Statements

September 30, 2020

**NOTE 5 – INTANGIBLE ASSETS**

Intangible asset activity for the year ending September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
NSCUDD				
Discounted value purchase	\$ 92,318,461	28,871,161	-	121,189,622
Less accumulated amortization	<u>(22,055,657)</u>	<u>-</u>	<u>(3,631,893)</u>	<u>(25,687,550)</u>
Intangible assets, net	<u>\$ 70,262,804</u>	<u>28,871,161</u>	<u>(3,631,893)</u>	<u>95,502,072</u>

During fiscal year 2020, the District acquired Central Sumter Utility (CSU) and with it, the rights to provide potable water supply, treatment and distribution for a portion of The Villages located within the unincorporated region of Sumter County, the City of Wildwood and the City of Fruitland Park to customers located in the Village Community Development District Nos. 9, 10 and 11 residential areas. The total purchase price was \$98,468,000, of which, \$28,871,000 was recorded as an intangible asset. The intangible asset will be amortized over 30 years.

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Notes to Financial Statements

September 30, 2020

**NOTE 6 – LONG-TERM DEBT**

Long-term debt consists of the following Revenue bonds as of September 30, 2020:

**North Sumter County Utility Dependent District**

\$123,410,000 Utility Revenue Bonds, Series 2020 due in annual principal installments ranging from \$2,970,000 to \$8,715,000 through October 2043 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rates range is 5.000%. \$ 123,410,000

\$50,605,000 Senior Utility Revenue Bonds, Series 2012 due in annual principal installments ranging from \$1,050,000 to \$3,225,000 through October 2042 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%. 45,675,000

\$4,000,000 Subordinate Utility Revenue Bonds, Series 2012 due in annual principal installments ranging from \$85,000 to \$255,000 through October 2042 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%. 3,610,000

\$73,200,000 Senior Utility Revenue Bonds, Series 2019 due in annual principal installments ranging from \$95,000 to \$4,530,000 through October 2054 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%. 73,200,000

\$9,490,000 Subordinate Utility Revenue Bonds, Series 2019 due in annual principal installments ranging from \$10,000 to \$585,000 through October 2054 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%. \$ 9,490,000

Total revenue bonds payable	255,385,000
Plus unamortized bond premium	44,013,290
Less unamortized bond discount	(4,649)
Less current installment of revenue bonds payable	<u>(1,295,000)</u>
Revenue bonds payable less current installments	<u><u>\$ 298,098,641</u></u>

The annual requirements to amortize the principal and interest of all revenue bonds payable as of September 30, 2020, are as follows:

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Notes to Financial Statements

September 30, 2020

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2021	1,295,000	10,164,895	11,459,895
2022	4,445,000	12,630,250	17,075,250
2023	4,775,000	12,404,125	17,179,125
2024	5,120,000	12,161,500	17,281,500
2025	5,490,000	11,901,250	17,391,250
2026-2030	33,680,000	54,917,750	88,597,750
2031-2035	45,005,000	45,225,750	90,230,750
2036-2040	57,440,000	32,613,875	90,053,875
2041-2045	56,675,000	16,930,750	73,605,750
2046-2050	18,210,000	8,632,750	26,842,750
2041-2043	23,250,000	3,601,000	26,851,000
Total	\$ <u>255,385,000</u>	<u>221,183,895</u>	<u>476,568,895</u>

The following is a summary of changes in long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Bonds payable					
Senior bonds	\$ 188,930,000	196,610,000	143,255,000	242,285,000	1,200,000
Subordinate bonds	21,165,000	9,490,000	17,555,000	13,100,000	95,000
Plus unamortized bond premium	650,566	44,071,571	708,834	44,013,290	-
Less unamortized bond discount	(2,236,411)	-	(2,231,762)	(4,649)	-
Total bonds payable	<u>208,509,155</u>	<u>250,171,571</u>	<u>159,287,072</u>	<u>299,393,641</u>	<u>1,295,000</u>
Due to developer	876,213	-	600,000	276,213	276,213
Total business-type activities long-term liabilities	<u>209,385,368</u>	<u>250,171,571</u>	<u>159,887,072</u>	<u>299,669,854</u>	<u>1,571,213</u>
Total debt	\$ <u>209,385,368</u>	<u>250,171,571</u>	<u>159,887,072</u>	<u>299,669,854</u>	<u>1,571,213</u>

On October 17, 2019, the District entered into a Forward Delivery Bond Purchase Agreement with Morgan Stanley to issue \$123,410,000 aggregate principal amount of North Sumter County Utility Dependent District (NSU) Utility Refunding Revenue Bonds, Series 2020, proceeds of which to be used to refund NSU's outstanding Utility Revenue Bonds, Series 2010 and the outstanding Subordinate Utility Revenue Bonds, Series 2010 in the amount of \$156,510,000. The settlement date of this issuance was July 3, 2020 and carries an interest rate of 5.00%, with a net present value savings estimated to be \$43,563,000 over the life of the bonds.

On December 24, 2019, The District issued \$73,200,000 in Utility Revenue Bonds, Series 2019 and \$9,490,000 in Subordinate Utility Revenue Bonds, Series 2019, with a premium of \$18,145,000 for the

## NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

### Notes to Financial Statements

September 30, 2020

purpose of closing on a transaction to purchase Central Sumter Utility potable water services for \$98,468,000. The issuance carries an interest rate of 5%.

#### **Debt Covenants and Pledged Revenues**

The Bond indentures contain significant limitations and restriction on the District regarding annual debt service requirements, the use of certain restricted accounts, minimum sinking fund balances and minimum revenue bond coverage.

Management believes that the District has complied with all material financial-related covenants for the NSU bonds. Management believes that the District has complied with all material financial-related covenants for the SSF Senior and Subordinate bonds. Management believes that the District has complied with all material financial-related covenants for the CSU Senior and Subordinate bonds.

The District has pledged certain water, sewer and non-potable irrigation water revenue to pay the principal and interest on Utility Revenue Bonds Series 2020 to pay for the purchase of water, sewer and irrigation utility facilities. In addition, the District has pledged certain residential and commercial solid waste collection fee revenue to pay the principal and interest on the Solid Waste Revenue Bonds Series 2012. Lastly, the District has pledged certain non-potable water revenue to pay the principal and interest on Utility Revenue Senior and Subordinate Bonds Series 2019 to pay for the purchase of water, sewer and irrigation utility facilities. These Utility and Solid Waste Revenue Bonds were outstanding on September 30, 2020, as shown below. The table reports the revenues pledged for each debt issue, the amounts of revenue received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds as of September 30, 2020.

Description of Debt	Pledged Revenue	Revenue Received	Principal and Interest Paid	Estimated Percent Pledged	Outstanding Principal and Interest	Pledged Through
Utility Revenue Bonds, Senior	Water, Sewer, & Irrigation	6,271,355	2,424,551	38.66%	159,940,333	2055
Utility Revenue Bonds, Subordinate	Water, Sewer, & Irrigation	6,271,355	366,419	5.84%	20,726,669	2055
Utility Revenue Bonds	Water, Sewer, & Irrigation	23,207,108	1,422,645	6.13%	211,865,893	2044
Sanitation Rev Bonds, Senior	Sanitation	13,511,551	3,386,250	25.06%	77,879,500	2043
Sanitation Rev Bonds, Subordinate	Sanitation	10,125,301	269,750	2.66%	6,156,500	2043

#### **NOTE 7 – RELATED PARTIES**

The District entered into an interlocal agreement with Sumter Landing Community Development District (SLCDD) for management services. SLCDD, in turn, obtains its management services from Village Center Community Development District (VCCDD) through an interlocal agreement. Under the agreement, fees accrued to VCCDD by the District for such services totaled \$983,000 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 \$109,000.

The District paid Villages Technology Solutions Group, a technology company owned by The Villages, a total \$477,000 for technology services in FY 2020. The District paid The Daily Sun, a newspaper owned

## **NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT**

Notes to Financial Statements

September 30, 2020

by The Villages, a total \$400 for certain legal advertisements in FY 2020 and The Village Marketing \$100 for certain marketing services in FY 2020.

### **NOTE 8 – 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 9 – COMMITMENTS AND CONTINGENCIES**

#### **Hurricane Irma**

The District sustained damages related to Hurricane Irma in September 2017.

The Florida Emergency Management Agency (FEMA) has finalized its review of its obligation to the District on eligible expenditures. The District submitted all required documentation to support approximately \$3,000 of eligible expenditures sustained as a result of the damage. The District received \$3,000 in reimbursement from FEMA and has closed this case.

### **NOTE 10 – 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  
North Sumter Utility Dependent 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 business-type activities and each major fund of North Sumter Utility Dependent 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  
North Sumter Utility Dependent 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 statement. 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*.

**District's Response to Findings**

The District's response to the findings identified in our audit is described in the attached Management Letter Response. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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  
North Sumter Utility Dependent District  
The Villages, Florida

### Report on the Financial Statements

We have audited the financial statements of North Sumter Utility Dependent 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 10.550, *Rules of the Florida Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 1, 2021, 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. All prior year audit findings have been resolved.

### Official Title and Legal Authority

Section 10.554(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, 2019, basic financial statements for this information). There are no component units related to the entity.

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Board of Supervisors  
North Sumter Utility Dependent District  
The Villages, Florida

## MANAGEMENT LETTER

### Financial Condition and Management

Sections 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 the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(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 10.554(1)(i)5.b. and 10.556(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 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 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  
North Sumter Utility Dependent District  
The Villages, Florida

We have examined North Sumter Utility Dependent 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, 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