



SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Basic Financial Statements

September 30, 2020

(With Independent Auditors' Report Thereon)

SUMTER LANDING 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
Sumter Landing Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Sumter Landing 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
Sumter Landing 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, the business-type activities and, each major fund of the District as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the Lake Sumter Landing and Project Wide Special Revenue Funds 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

SUMTER LANDING 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 Sumter Landing Community Development 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 \$478,148,000; and the deferred outflows of the resources of the District are \$856,000.
- Total liabilities of the District are \$397,914,000; 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 \$81,090,000 (net position). Of this amount, \$80,925,000 is unrestricted and can be used at the discretion of the Board of Supervisors.
- At September 30, 2020, net position for governmental activities was \$42,115,000, or 277% of total governmental revenues. Of this amount, \$31,557,000 reflects its investment in capital assets.
- The current year's unrestricted net position for governmental activities is \$10,558,000, or 70% of total governmental revenues.
- At September 30, 2020, net position for business-type activities was \$38,974,000, or 51% of total business-type revenues. Of this amount, \$(42,588,000) reflects its investment in capital assets, \$9,784,000 is restricted for debt service and \$1,412,000 is restricted for renewal and replacement.
- The current year's unrestricted fund balance for business-type activities is \$70,367,000, or 91% of total business-type revenues.
- The total net position has grown from a fiscal year 2019 balance of \$76,573,000 to a fiscal year 2020 balance of \$81,090,000.
- The District's total revenues of \$92,266,000 exceeded the expenses of \$87,749,000, providing a \$4,517,000 increase in total net position; the increase in net position for the business-type activities was \$4,736,000 offset by a decrease in net position for the governmental activities of \$(219,000).
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$8,430,000 to show the need for the gradual replacement of these assets over time while amortization expense totaled \$5,247,000.
- The District's total debt decreased by \$7,655,000 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 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.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

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.

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 which will only result in cash flows in future fiscal periods (e.g., uncollected assessments).

The government-wide financial statements are provided on pages 11-12 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 which is used to maintain control over resources which 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 governmental funds and two proprietary funds. There are no 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 two governmental funds, the Lake Sumter Landing fund and the Project Wide Special Revenue fund. Information is presented separately 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. Both funds are considered major funds.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

A budgetary comparison statement is provided for each of the two governmental funds to demonstrate compliance with the budgets.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

Proprietary funds

Proprietary funds are used to report business-type activities. The District maintains two proprietary funds, the Sumter Landing Amenities Division (SLAD) Enterprise Fund and the Sumter Landing Fitness Enterprise Fund. Enterprise funds, a category of proprietary funds, are included as *business-type activities* in the government-wide financial statements. Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the SLAD and Fitness funds, which are both considered to be major funds of the Sumter Landing Community Development District. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to the Financial Statements

The notes provide additional information which 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 22.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND ANALYSIS

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

Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 11,608,522	11,068,140	95,073,954	85,766,008	106,682,476	96,834,148
Capital assets, net of accumulated depreciation	31,557,163	32,327,688	198,158,565	205,250,787	229,715,728	237,578,475
Intangible assets, net of accumulated amortization	-	-	141,749,403	146,949,228	141,749,403	146,949,228
Total assets	<u>43,165,685</u>	<u>43,395,828</u>	<u>434,981,922</u>	<u>437,966,023</u>	<u>478,147,607</u>	<u>481,361,851</u>
Deferred outflows of resources:						
Deferred charges on refunding	-	-	855,772	903,315	855,772	903,315
Liabilities:						
Current and other liabilities	1,050,312	1,061,267	14,923,238	15,035,991	15,973,550	16,097,258
Long-term debt:						
Due within one year	-	-	7,835,000	7,655,000	7,835,000	7,655,000
Due in more than one year	-	-	374,105,000	381,940,000	374,105,000	381,940,000
Total liabilities	<u>1,050,312</u>	<u>1,061,267</u>	<u>396,863,238</u>	<u>404,630,991</u>	<u>397,913,550</u>	<u>405,692,258</u>
Net position (deficit)						
Net investment in capital assets	31,557,163	32,327,688	(42,588,391)	(36,498,823)	(11,031,228)	(4,171,135)
Restricted for debt service	-	-	9,783,775	8,092,624	9,783,775	8,092,624
Restricted for renewal and replacement	-	-	1,412,130	1,393,631	1,412,130	1,393,631
Unrestricted	10,558,210	10,006,873	70,366,942	61,250,915	80,925,152	71,257,788
Total net position	<u>\$ 42,115,373</u>	<u>42,334,561</u>	<u>38,974,456</u>	<u>34,238,347</u>	<u>81,089,829</u>	<u>76,572,908</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 \$81,090,000. The net position increased \$4,517,000 from a balance of \$76,573,000 as of September 30, 2019.

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

- **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.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

- **Restricted for debt service** An additional \$9,784,000 of the District's net position (12%) represents resources which 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 \$1,412,000 of the District's net position (2%) is restricted by the bond indenture for use in the renewal and replacement of capital assets in the SLAD Fund.
- **Unrestricted net position** The remaining portion of \$80,925,000 or 99% is unrestricted and available to meet the future needs of the district as unrestricted net position.

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

Statement of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating revenues:						
General government	\$ 81,815	94,304	70,680,887	69,841,316	70,762,702	69,935,620
Special assessments	14,736,397	13,933,347	-	-	14,736,397	13,933,347
Public safety	-	-	803,340	229,623	803,340	229,623
Culture/recreation	-	-	4,133,340	4,287,111	4,133,340	4,287,111
General revenues:						
Interest and other earnings	368,609	326,902	1,461,761	1,658,219	1,830,370	1,985,121
Total revenues	<u>15,186,821</u>	<u>14,354,553</u>	<u>77,079,328</u>	<u>76,016,269</u>	<u>92,266,149</u>	<u>90,370,822</u>
Expenses:						
General government services	-	-	21,359,893	21,060,804	21,359,893	21,060,804
Public safety	-	-	4,863,493	4,203,710	4,863,493	4,203,710
Physical environment	14,148,361	13,213,026	15,241,295	12,912,868	29,389,656	26,125,894
Culture/recreation	-	-	18,459,276	17,848,294	18,459,276	17,848,294
Depreciation (unallocated)	1,257,648	1,242,627	7,171,894	7,169,902	8,429,542	8,412,529
Amortization expense	-	-	5,247,368	5,247,368	5,247,368	5,247,368
Total expenses	<u>15,406,009</u>	<u>14,455,653</u>	<u>72,343,219</u>	<u>68,442,946</u>	<u>87,749,228</u>	<u>82,898,599</u>
Changes in net position	\$ <u>(219,188)</u>	<u>(101,100)</u>	<u>4,736,109</u>	<u>7,573,323</u>	<u>4,516,921</u>	<u>7,472,223</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 \$92,266,000 and \$90,371,000 respectively. Total revenues increased 2% year over year. The District's expenses for the years ended September 30, 2020, and September 30, 2019, were \$87,749,000 and \$82,899,000 respectively. The increase in expense was related primarily to an increase in physical environment and recreation expenses.

Revenues include amenity and general governmental revenues, special assessments for maintenance and investment earnings on cash balances held during the year. Amenity revenue totaled \$70,763,000 in fiscal year 2020, an increase of \$827,000 over prior year. Special assessments revenue totaled \$14,736,000 in Fiscal Year 2020, an increase of \$803,000 compared to the prior year. Investment income decreased by \$155,000 primarily due to market conditions related to the Coronavirus Pandemic.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

Expenses General government expenses increased \$299,000 in fiscal year 2020 compared to fiscal year 2019. Public safety expenses increased \$660,000 year over year. Physical environment expenses, including landscaping, irrigation, utilities and maintenance costs, increased \$3,264,000, as compared to the prior fiscal year while recreation expenses increased a total \$611,000. Depreciation and amortization expenses remained steady year over year.

GOVERNMENT FUND BUDGETARY HIGHLIGHTS

The Budget to actual comparison statement shows 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.

Lake Sumter Landing Fund

- During fiscal year 2020, the final General Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$90,000 primarily in capital outlay offset by a decrease in building, landscape and maintenance and capital outlay expenses.
- Investment earnings of \$86,000 exceeded the budget of \$7,000. Investment returns showed decreased results over the prior fiscal year due to market conditions related to the Coronavirus Pandemic.
- Total expenses were \$105,000, or 6% under budget for the year.

Project-wide Special Revenue Fund

- During fiscal year 2020, the final General Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$90,000 primarily in the building, landscape and other maintenance, capital outlay and management and professional services.
- Investment earnings of \$282,000 exceeded the budget of \$60,000. Investment returns showed decreased results over the prior fiscal year due to market conditions related to the Coronavirus Pandemic.
- Total expenses were \$457,000, or 4% under budget for the year.

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 \$229,716,000. This investment in capital assets includes land, infrastructure, buildings and furniture and fixture. New capital assets, net of disposals totaled \$567,000 during the year. Depreciation expenses totaled \$8,430,000 resulting in an overall net decrease in capital assets of \$7,863,000.

Additional information regarding the District's capital assets can be found in Note 3 of the Notes to Basic Financial Statements.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

Long-Term Debt

As of September 30, 2020, and September 30, 2019, the District had long-term debt outstanding of \$381,940,000 and \$389,595,000, respectively. The majority of the debt consists of Recreational Revenue Bonds and Recreation Revenue Refunding Bonds. This debt is secured by a lien and pledge of revenues under the indentures which are derived by the District from the users of the recreational facilities.

Additional information regarding the District's long-term debt can be found in Note 5 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 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%.
- 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.

Lake Sumter Landing Special Revenue Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$13,000 compared to the Fiscal Year 2020 final budget. There is no increase in maintenance assessments. Interest income makes up the majority of the revenue increase. The Fiscal Year 2021 expenditure budget projects a decrease of \$27,000, when compared to the Fiscal Year 2020 final budget. The decrease in expenditures results primarily from a decrease in capital outlay and management and professional services offset by an increase in repairs and maintenance services.

Project Wide Special Revenue Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$810,000 compared to the Fiscal Year 2020 final budget. There is a 6% increase in maintenance assessments budgeted. The Fiscal Year 2021 expenditure budget projects an increase of \$851,000, when compared to the Fiscal Year 2020 final budget. The increase in expenditures results primarily from an increase in building, landscape and other maintenance expenses and management and professional services offset by a decrease in capital outlay.

Sumter Landing Amenities Division Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$1,152,000 compared to the Fiscal Year 2020 final budget. An increase in amenity fees offset by a decrease in investment income makes up the majority of the revenue increase. The Fiscal Year 2021 expenditure budget projects a decrease of \$2,250,000, when compared to the Fiscal Year 2020 final budget. The decrease in expenditures results primarily from a decrease building, landscape and other maintenance services and other expenses.

Fitness Enterprise Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$16,000 compared to the Fiscal Year 2020 final budget. An increase in membership dues offset by a decrease in investment income makes up the majority of the revenue increase. The Fiscal Year 2021 expenditure budget projects a decrease of \$344,000, when compared to the Fiscal Year 2020 final budget. The decrease in expenditures results primarily from a decrease in in operating supplies.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

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.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

September 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,486,312	\$ 71,497,904	\$ 75,984,216
Investments	7,107,731	15,803,973	22,911,704
Accounts receivable (net)	3,000	5,082,414	5,085,414
Due from other governments	11,479	2,678,628	2,690,107
Prepaid expenses	-	6,725	6,725
Accrued Interest Receivable	-	4,311	4,311
Capital assets:			
Non depreciable assets	3,750,760	13,139,728	16,890,488
Depreciable assets (net of depreciation)	27,806,403	185,018,836	212,825,239
Intangible assets (net of accumulated amortization)	-	141,749,403	141,749,403
Total assets	<u>43,165,685</u>	<u>434,981,922</u>	<u>478,147,607</u>
Deferred outflows of resources			
Deferred charges on refunding	-	855,772	855,772
Total assets and deferred outflows of resources	<u>43,165,685</u>	<u>435,837,694</u>	<u>479,003,379</u>
Liabilities			
Accounts payable	1,006,588	2,399,749	3,406,337
Accrued expenses	-	2,410	2,410
Accrued interest payable	-	7,843,601	7,843,601
Unearned revenue	-	4,049,061	4,049,061
Due to other governments	43,724	594,915	638,639
Due to developer for amenity fees	-	33,502	33,502
Note payable and capital lease	-	-	-
Long-term debt:			
Due within one year	-	7,835,000	7,835,000
Due in more than one year	-	374,105,000	374,105,000
Total liabilities	<u>1,050,312</u>	<u>396,863,238</u>	<u>397,913,550</u>
Net Position			
Net investment in capital assets	31,557,163	(42,588,391)	(11,031,228)
Restricted for:			
Debt service	-	9,783,775	9,783,775
Renewal and replacement	-	1,412,130	1,412,130
Unrestricted	10,558,210	70,366,942	80,925,152
Total net position	<u>\$ 42,115,373</u>	<u>\$ 38,974,456</u>	<u>\$ 81,089,829</u>

See accompanying notes to basic financial statements.

SUMTER LANDING 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	Business-type activities	Total
Governmental activities:							
Physical environment	\$ 14,148,361	14,736,397	81,815	-	669,851	-	669,851
Depreciation (unallocated)	1,257,648	-	-	-	(1,257,648)	-	(1,257,648)
Total governmental activities	15,406,009	14,736,397	81,815	-	(587,797)	-	(587,797)
Business-type activities:							
General government services	26,607,261	70,680,887	-	-	-	44,073,626	44,073,626
Public safety	4,863,493	803,340	-	-	-	(4,060,153)	(4,060,153)
Physical environment	15,241,295	-	-	-	-	(15,241,295)	(15,241,295)
Culture/recreation	18,459,276	4,133,340	-	-	-	(14,325,936)	(14,325,936)
Depreciation (unallocated)	7,171,894	-	-	-	-	(7,171,894)	(7,171,894)
Total business-type activities	72,343,219	75,617,567	-	-	-	3,274,348	3,274,348
Total primary government	\$ 87,749,228	90,353,964	81,815	-	(587,797)	3,274,348	2,686,551
General revenues:							
Investment earnings					368,609	1,461,761	1,830,370
Total general revenues					368,609	1,461,761	1,830,370
Change in net position					(219,188)	4,736,109	4,516,921
Net position – beginning					42,334,561	34,238,347	76,572,908
Net position – ending					\$ 42,115,373	38,974,456	81,089,829

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT
LAKE SUMTER LANDING & PROJECT WIDE**

Balance Sheet – Governmental Funds

September 30, 2020

	Lake Sumter Landing	Project Wide	Total
Assets:			
Cash and cash equivalents	\$ 148,804	4,337,508	4,486,312
Investments	1,948,206	5,159,525	7,107,731
Accounts receivable (net)	3,000	-	3,000
Due from other governments	1,173	10,306	11,479
Total assets	2,101,183	9,507,339	11,608,522
Liabilities:			
Accounts payable	132,429	874,159	1,006,588
Due to other governments	21,378	22,346	43,724
Total liabilities	153,807	896,505	1,050,312
Fund balances:			
Committed for renewal & replacement	1,361,621	2,112,220	3,473,841
Unassigned	585,755	6,498,614	7,084,369
Total fund balances	1,947,376	8,610,834	10,558,210
Total liabilities and fund balances	\$ 2,101,183	9,507,339	11,608,522

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT
LAKE SUMTER LANDING & PROJECT WIDE**

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
September 30, 2020

Total fund balances, governmental funds	\$	10,558,210
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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	\$	49,139,934	
Less accumulated depreciation		<u>(17,582,771)</u>	31,557,163
Net position of governmental activities	\$		<u><u>42,115,373</u></u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT
GOVERNMENTAL FUNDS**

Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
Year Ended September 30, 2020

	Lake Sumter Landing	Project Wide	Total
Revenues:			
Special assessments	\$ 1,677,394	-	1,677,394
Intergovernmental revenue	-	13,037,507	13,037,507
Other revenue	19,072	62,743	81,815
Investment earnings	86,399	282,210	368,609
Rents and leases	21,496	-	21,496
Total revenues	1,804,361	13,382,460	15,186,821
Expenditures:			
Physical environment	1,769,034	12,379,327	14,148,361
Capital outlay	91,340	395,783	487,123
Total expenditures	1,860,374	12,775,110	14,635,484
Net change in fund balances	(56,013)	607,350	551,337
Fund balances, at beginning of year	2,003,389	8,003,484	10,006,873
Fund balances, at end of year	\$ 1,947,376	8,610,834	10,558,210

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT
GOVERNMENTAL FUNDS**

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	\$	551,337
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the fiscal year.</p>		
Capital outlay	\$	487,123
Depreciation expense		(1,257,648)
		<u>(770,525)</u>
Change in net position of governmental activities	\$	<u>(219,188)</u>

See accompanying notes to basic financial statements.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual

Lake Sumter Landing Fund

Year ended September 30, 2020

	Original	Amended		
	Budget	Budget	YTD Actual	Variance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES:				
Maintenance and Other Special Assessments	\$ 1,677,394	\$ 1,677,394	\$ 1,677,394	\$ -
Other Income	38,646	38,646	40,568	1,922
Investment Income	<u>7,000</u>	<u>7,000</u>	<u>86,399</u>	<u>79,399</u>
Total Revenues:	1,723,040	1,723,040	1,804,361	81,321
EXPENDITURES:				
Management and Other Professional Services	472,644	489,144	432,576	(56,568)
Utility Services	234,910	249,110	230,992	(18,118)
Building, Landscape and Other Maintenance	1,141,264	1,111,564	1,092,646	(18,918)
Capital Outlay	-	93,554	91,340	(2,214)
Other Expenditures	<u>26,800</u>	<u>21,800</u>	<u>12,820</u>	<u>(8,980)</u>
Total Expenditures	<u>1,875,618</u>	<u>1,965,172</u>	<u>1,860,374</u>	<u>(104,798)</u>
Change in Net Position	\$ (152,578)	\$ (242,132)	\$ (56,013)	\$ 186,119
Beginning Fund Balance	<u>2,003,389</u>	<u>2,003,389</u>	<u>2,003,389</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,850,811</u>	<u>\$ 1,761,257</u>	<u>\$ 1,947,376</u>	<u>\$ 186,119</u>

See accompanying notes to basic financial statements.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual

Project Wide Fund

Year ended September 30, 2020

	Original	Amended		
	Budget	Budget	YTD Actual	Variance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES:				
Maintenance and Other Special Assessments	\$ 13,037,509	\$ 13,037,509	\$ 13,037,509	\$ -
Other Income	45,418	45,418	62,743	17,325
Investment Income	59,500	59,500	282,210	222,710
Total Revenues:	<u>13,142,427</u>	<u>13,142,427</u>	<u>13,382,462</u>	<u>240,035</u>
EXPENDITURES:				
Management and Other Professional Services	1,060,435	1,113,635	980,584	(133,051)
Utility Services	997,427	826,977	830,653	3,676
Building, Landscape and Other Maintenance	10,644,065	10,736,065	10,541,945	(194,120)
Capital Outlay	410,250	540,050	395,783	(144,267)
Other Expenditures	30,250	15,500	26,147	10,647
Total Expenditures	<u>13,142,427</u>	<u>13,232,227</u>	<u>12,775,112</u>	<u>(457,115)</u>
Change in Net Position	\$ -	\$ (89,800)	\$ 607,350	\$ 697,150
Beginning Fund Balance	<u>8,003,484</u>	<u>8,003,484</u>	<u>8,003,484</u>	<u>-</u>
Ending Fund Balance	<u>\$ 8,003,484</u>	<u>\$ 7,913,684</u>	<u>\$ 8,610,834</u>	<u>\$ 697,150</u>

See accompanying notes to basic financial statements.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Proprietary Funds

Statement of Net Position

September 30, 2020

	Sumter Landing Amenities Division (SLAD)	Sumter Landing Fitness Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 51,948,629	1,921,899	53,870,528
Restricted cash and cash equivalents	16,215,246	-	16,215,246
Investments	13,482,660	2,321,313	15,803,973
Accounts receivable (net)	5,082,414	-	5,082,414
Due from other governments	2,672,594	6,034	2,678,628
Accrued interest receivable	4,311	-	4,311
Prepaid expenses	6,725	-	6,725
Total current assets	89,412,579	4,249,246	93,661,825
Non-current assets:			
Restricted cash and cash equivalents	1,412,130	-	1,412,130
Capital assets:			
Land	13,139,728	-	13,139,728
Buildings and structures	218,752,824	20,362	218,773,186
Infrastructure	3,480,433	-	3,480,433
Machinery and equipment	391,875	15,754	407,629
Less accumulated depreciation	(37,610,610)	(31,802)	(37,642,412)
Intangible assets (net of accumulated amortization)	141,749,403	-	141,749,403
Total non-current assets	341,315,783	4,314	341,320,097
Total assets	430,728,362	4,253,560	434,981,922
Deferred outflow of resources:			
Deferred amount on debt refunding	855,772	-	855,772
Total assets and deferred outflows	431,584,134	4,253,560	435,837,694
Liabilities			
Current liabilities:			
Accounts payable	2,075,418	324,331	2,399,749
Accrued expenses	2,410	-	2,410
Accrued interest payable	7,843,601	-	7,843,601
Unearned revenue	3,990,157	58,904	4,049,061
Due to other funds	-	6,076	6,076
Due to other governments	588,839	-	588,839
Due to developer for amenity fees	33,502	-	33,502
Current installments of revenue bonds payable	7,835,000	-	7,835,000
Total current liabilities	22,368,927	389,311	22,758,238
Non-current liabilities:			
Revenue bonds payable, net	374,105,000	-	374,105,000
Total non-current liabilities	374,105,000	-	374,105,000
Total liabilities	396,473,927	389,311	396,863,238
Net position			
Net investment in capital assets	(42,592,705)	4,314	(42,588,391)
Restricted for debt service	9,783,775	-	9,783,775
Restricted for renewal and replacement	1,412,130	-	1,412,130
Unrestricted	66,507,007	3,859,935	70,366,942
Total net position	\$ 35,110,207	3,864,249	38,974,456

See accompanying notes to basic financial statements.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

Year Ended September 30, 2020

	Sumter Landing Amenities Division (SLAD)	Sumter Landing Fitness Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services			
Amenity fees	\$ 69,796,168	-	69,796,168
Membership fees	-	632,298	632,298
Golf and recreation management fees	3,500,900	-	3,500,900
Safety Fees	803,340		803,340
Other fees	883,988	874	884,862
Total operating revenues	<u>74,984,396</u>	<u>633,172</u>	<u>75,617,568</u>
 Operating expenses:			
General government services	5,672,702	-	5,672,702
Public safety	4,863,493	-	4,863,493
Physical environment	15,241,295	-	15,241,295
Culture/recreation	17,332,042	1,127,234	18,459,276
Depreciation Expense	7,169,056	2,838	7,171,894
Amortization expense	5,247,368	-	5,247,368
Total operating expenses	<u>55,525,956</u>	<u>1,130,072</u>	<u>56,656,028</u>
Operating income	<u>19,458,440</u>	<u>(496,900)</u>	<u>18,961,540</u>
 Non-operating revenue (expenses):			
Investment earnings	1,329,702	132,058	1,461,760
Interest expense	<u>(15,687,191)</u>	<u>-</u>	<u>(15,687,191)</u>
Total non-operating revenue (expenses)	<u>(14,357,489)</u>	<u>132,058</u>	<u>(14,225,431)</u>
 Change in net position	<u>5,100,951</u>	<u>(364,842)</u>	<u>4,736,109</u>
Total net position, beginning	<u>30,009,256</u>	<u>4,229,091</u>	<u>34,238,347</u>
Total net position, ending	<u>\$ 35,110,207</u>	<u>3,864,249</u>	<u>38,974,456</u>

See accompanying notes to basic financial statements.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Proprietary Funds

Statement of Cash Flows

For The Fiscal Year Ended September 30, 2020

	Sumter Landing Amenities Division (SLAD)	Sumter Landing Fitness Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 77,075,873	639,268	77,715,141
Payments to suppliers/professional fees	<u>(43,128,550)</u>	<u>(765,862)</u>	<u>(43,894,412)</u>
Net cash provided by operating activities	<u>\$ 33,947,323</u>	<u>(126,594)</u>	<u>33,820,729</u>
Cash flows from capital and related financing activities:			
Principal payments on capital debt	(7,655,000)	-	(7,655,000)
Interest paid	(15,776,624)	-	(15,776,624)
Acquisition of capital assets	<u>(79,672)</u>	<u>-</u>	<u>(79,672)</u>
Net cash used in capital and related financing activities	<u>(23,511,296)</u>	<u>-</u>	<u>(23,511,296)</u>
Cash flows from investing activities:			
Purchases of investments	(1,911,165)	(131,087)	(2,042,252)
Donation of net assets from affiliate	-	-	
Interest earned on investments	<u>1,360,354</u>	<u>132,058</u>	<u>1,492,412</u>
Net cash provided by investing activities	<u>(550,811)</u>	<u>971</u>	<u>(549,840)</u>
Net increase (decrease) in cash and cash equivalents	9,885,216	(125,623)	9,759,593
Cash and cash equivalents, beginning of year	<u>59,690,789</u>	<u>2,047,522</u>	<u>61,738,311</u>
Cash and cash equivalents, end of year	<u>\$ 69,576,005</u>	<u>1,921,899</u>	<u>71,497,904</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:			
Unrestricted cash and cash equivalents	\$ 51,948,629	1,921,899	53,870,528
Restricted cash and cash equivalents-current	16,215,246	-	16,215,246
Restricted cash and cash equivalents-non-current	<u>1,412,130</u>	<u>-</u>	<u>1,412,130</u>
Cash and cash equivalents	<u>\$ 69,576,005</u>	<u>1,921,899</u>	<u>71,497,904</u>
Reconciliation of operating income to net cash provided (used) in operating activities:			
Operating income	\$ 19,345,768	(496,900)	18,848,868
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	7,169,056	2,838	7,171,894
Amortization	5,247,368	-	5,247,368
Change in assets and liabilities:			
(Increase) Decrease in:			
Accounts Receivable	2,360,719	6,096	2,366,815
Prepaid expenses	(1,711)	-	(1,711)
Due from other funds	4,743	1,288	6,031
Due from other governments	<u>(82,475)</u>	<u>181,951</u>	<u>99,476</u>
Increase (Decrease) in:			
Accounts payable and accrued liabilities	185,383	267,254	452,637
Unearned revenue	291,264	(89,120)	202,144
Due to developer	(560,506)	-	(560,506)
Due to other funds	(1,288)	-	(1,288)
Due to other governments	<u>(10,998)</u>	<u>-</u>	<u>(10,998)</u>
Net cash provided by operating activities	<u>\$ 33,947,323</u>	<u>(126,593)</u>	<u>33,820,730</u>

See accompanying notes to basic financial statements.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Sumter Landing Community Development District (the District) was established on March 19, 2002 to manage and finance basic services for a development district located in The Villages, Florida. The District was created by Sumter County Commission Ordinance No. 02-06 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; the Supervisors are 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 provides recreation and security services to the residents of a retirement community known as The Villages, located in The Villages, Florida. The land within the District is part of the active adult retirement community known as “The Villages”. The Villages of Lake-Sumter, Inc. was the developer and initial owner of the property within the District.

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 which 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 which 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.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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 which 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. Planned 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.

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

- North Sumter County Utility Dependent District (NSCUDD) – This dependent district provides 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.

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 activities, which rely to a significant extent on fees charged to external parties.

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 and proprietary 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

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

relationship between the government-wide and the statements of the governmental funds. The Lake Sumter Landing and the Project Wide Special Revenue funds meet the definition of governmental funds and are designated as major funds. The Sumter Landing Amenities Division (SLAD) and Fitness Enterprise funds meet the definition of proprietary funds and are also designated as major funds. The District has no non-major funds.

Program revenues in the statement of activities consist primarily of special assessments for the governmental funds and charges for recreational amenities in the proprietary funds. 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 which 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.

The following are the District's major governmental funds:

Lake Sumter Landing Fund: The Lake Sumter Landing Fund is used to account for all financial resources of the government for commercial area maintenance in the District.

Project Wide Special Revenue Fund: The Project Wide Special Revenue Fund is used to account for the revenues associated with an inter-local agreement with each District located south of Sumter County Route 466 related to the maintenance of landscaping along road rights-of-way, fences, multi-modal paths, walls, tunnels, and related drainage and water management structures which benefit the residents of Districts in the same area.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

The following are the District's two major enterprise funds:

Sumter Landing Amenities Division (SLAD) Fund: The principal operating revenues of the District's SLAD fund are charges to customers for amenity fee based services, including recreation and security.

Sumter Landing Fitness Enterprise Fund: This enterprise fund accounts for the charges to customers and the expenses of operating the five District fitness centers on a continuing basis. During the current year, the Village Center Community Development District donated the assets of their only fitness center to SLCDD's Fitness Fund.

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 which 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 which 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 which 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 which 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 which has not been assigned to other funds and which 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.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

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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 General Fund and Debt Service 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 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 which 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 which 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 – Proprietary Funds The Resolutions authorizing the revenue bonds require the District to establish a Sinking Fund and reserve accounts in amounts which equal the Reserve Account Requirements, which are defined in the Bond Trust Indentures. In addition, the Bond Resolutions require a renewal and replacement reserve be established. The renewal and replacement reserve deposits are maintained as restricted assets until such time as needed

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 which 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 which applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

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.

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September 30, 2020

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

Intangible Assets Intangible assets represent the discounted value of future amenity fees or utilities service fees acquired from the Developer, 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.

Bond Discounts, Premiums and Issuance Costs In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities statement of net position. Bond premiums and discounts and bond insurance costs, are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, proprietary fund types recognize bond issuance costs during the period when the debt is issued. The face amount of debt issued is reported as other financial sources. Issuance costs are reported as other debt services expenditures.

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 which will be used to pay current liabilities are classified as current assets in the accompanying statement of net position.

The resolutions, authorizing the recreational revenue bonds require the District establish sinking fund and reserve accounts in amounts which equal the Reserve Account Requirements, which are defined in the Bond Trust Indentures. In addition, the bond resolutions require 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 recreation and water and sewer system renewals and replacements.

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 which 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

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

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September 30, 2020

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 which 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 which 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 Average Maturity (Days)</u>	<u>Credit Rating</u>
Citizens First Bank demand deposits	1,007,821	1.0	n/a
Fl Cooperative Liquid Assets Securities System, FLCLASS	50,538,988	51.0	AAAm
Fl Public Assets for Liquidity Management (FL PALM)	6,810,030	46.0	AAAm
US Bank - State Board of Administration, Florida Prime TM	17,627,377	48.0	AAAm
Total Fair Value	\$ 75,984,216		
Portfolio Weighted Average Maturity (WAM)		49.2	

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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 depositors, provided 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>
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%

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

Investments	Fair Value	Weighted Average Maturity (Years)	Credit Rating
Florida Fixed Income Trust, FLFIT	\$ 7,196,018	0.56	AAAf1/S1
Florida Local Government Investment Trust	7,497,245	2.00	AAAf/S1
PFM Multi-Manager Domestic Equity Fund	3,289,010	n/a	n/a
PFM Multi-Manager International Equity Fund	1,747,626	n/a	n/a
PFM Multi-Manager Fixed Income Fund	3,181,805	8.30	AA
Total Investments	<u>\$ 22,911,704</u>		
Portfolio Weighted Average Maturity (WAM)		1.98	

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.

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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 which 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 which are not active, inputs other than quoted prices which 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 which 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	\$ 3,289,010	\$ -	\$ 3,289,010	\$ -
PFM Multi-Manager International Equity Fund	1,747,626	-	1,747,626	-
PFM Multi-Manager Fixed Income Fund	<u>3,181,805</u>	<u>-</u>	<u>3,181,805</u>	<u>-</u>
Totals	<u>\$ 8,218,441</u>	<u>\$ -</u>	<u>\$ 8,218,441</u>	<u>\$ -</u>

Management of the following investment risks are addressed below:

- Custodial credit risk is the risk which a government will not be able to recover deposits or the value of an investment which is 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.
- 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

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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 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 The accounts receivable balance for governmental activity and business-type activities was \$3,000 and \$5,087,000 as of September 30, 2020 respectively. Business-type receivables include outstanding amounts owed from residents for amenity fees.

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.

The accounts receivable is shown net of the allowance for doubtful account totaling \$221,000 as of September 30, 2020.

Payables

Accounts Payable As of September 30, 2020, a total \$3,407,000 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.

Due to Developer As of September 30, 2020, a total \$34,000 is Due to the Developer. This balance represents cost-based recreation fees collected by the District that is owed to the Developer. The balance at September 30, 2020 is expected to be repaid shortly after year-end from available current assets and next year funding.

NOTE 4 – CAPITAL ASSETS

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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

	<u>Beginning balance</u>	<u>Increases Transfers</u>	<u>Transfers/ Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Assets not being depreciated:				
Land	\$ 3,707,879	-	-	3,707,879
Construction in progress	<u>59,516</u>	<u>42,881</u>	<u>(59,516)</u>	<u>42,881</u>
Total assets not being depreciated	<u>3,767,395</u>	<u>42,881</u>	<u>(59,516)</u>	<u>3,750,760</u>
Assets being depreciated:				
Buildings and structures	256,680	-	-	256,680
Infrastructure	43,900,914	503,760	-	44,404,674
Furniture & equipment	<u>727,821</u>	<u>-</u>	<u>-</u>	<u>727,821</u>
Total assets being depreciated	<u>44,885,415</u>	<u>503,760</u>	<u>-</u>	<u>45,389,175</u>
Less accumulated depreciation for:				
Buildings and structures	(93,736)	(7,926)	-	(101,662)
Infrastructure	(16,018,885)	(1,189,568)	-	(17,208,453)
Furniture & equipment	<u>(212,502)</u>	<u>(60,155)</u>	<u>-</u>	<u>(272,657)</u>
Total accumulated depreciation	<u>(16,325,123)</u>	<u>(1,257,649)</u>	<u>-</u>	<u>(17,582,772)</u>
Government activities capital assets, net	<u>32,327,687</u>	<u>(711,008)</u>	<u>(59,516)</u>	<u>31,557,163</u>
Business-type activities:				
Assets not being depreciated:				
Land	13,139,728	-	-	13,139,728
Construction in progress	<u>99,673</u>	<u>-</u>	<u>(99,673)</u>	<u>-</u>
Total assets not being depreciated	<u>13,239,401</u>	<u>-</u>	<u>(99,673)</u>	<u>13,139,728</u>
Assets being depreciated:				
Buildings and structures	218,627,841	145,345	-	218,773,186
Infrastructure	3,446,434	33,999	-	3,480,433
Furniture & equipment	<u>407,629</u>	<u>-</u>	<u>-</u>	<u>407,629</u>
Total assets being depreciated	<u>222,481,904</u>	<u>179,344</u>	<u>-</u>	<u>222,661,248</u>
Less accumulated depreciation for:				
Buildings and structures	(28,931,109)	(7,052,317)	-	(35,983,426)
Infrastructure	(1,217,841)	(96,229)	-	(1,314,070)
Furniture & equipment	<u>(321,568)</u>	<u>(23,348)</u>	<u>-</u>	<u>(344,916)</u>
Total accumulated depreciation	<u>(30,470,518)</u>	<u>(7,171,894)</u>	<u>-</u>	<u>(37,642,412)</u>
Business activities capital assets, net	<u>205,250,787</u>	<u>(6,992,550)</u>	<u>(99,673)</u>	<u>198,158,564</u>
Total Sumter Landing CDD capital assets, net	\$ <u>237,578,474</u>	<u>(7,703,558)</u>	<u>(159,189)</u>	<u>229,715,727</u>

Net capital purchases for governmental activities totaled \$487,000 and \$80,000 for business activity. Depreciation expense of \$1,258,000 and \$7,172,000 was recognized during the year in governmental activity and business activity respectively.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of the following as of September 30, 2020:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business activities, SLAD fund:				
Discounted value of amenity fees	\$ 165,679,338	-	-	165,679,338
Less accumulated amortization	<u>(18,730,110)</u>	<u>-</u>	<u>(5,199,825)</u>	<u>(23,929,935)</u>
 Intangible assets, net	 <u>\$ 146,949,228</u>	 <u>-</u>	 <u>(5,199,825)</u>	 <u>141,749,403</u>

The intangible assets represent the value of assets acquired based on their revenue generating value exceeding their book value. This difference on prior purchases is being amortized over thirty (30) to forty (40) years.

NOTE 6 – LONG- TERM DEBT

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

\$55,450,000 Taxable Recreational Revenue Refunding Bonds, Series 2015 due in annual principal installments ranging from \$1,775,000 to \$3,745,000 through October 2038 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 from 2.419% to 5.050%.	\$ 48,640,000
\$320,905,000 Taxable Senior Recreational Revenue Bonds, Series 2016 due in annual principal installments ranging from \$5,415,000 to \$20,720,000 through October 2047 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 from 2.339% to 4.172%	303,410,000
\$30,900,000 Taxable Subordinate Recreational Revenue Bonds, Series 2016 due in annual principal installments ranging from \$540,000 to \$1,850,000 through October 2047 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 from \$4.622% to 4.722%.	<u>29,890,000</u>
Total revenue bonds payable	381,940,000
Less current installment of revenue bonds payable	<u>(7,835,000)</u>
Revenue bonds payable less current installments	\$ <u>374,105,000</u>

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

The Taxable Recreational Revenue Refunding Bonds are secured by a lien and pledge of revenues under the indentures which are derived by the District from the users of the recreational facilities.

These bonds and notes are additionally secured by amounts on deposit in the funds and accounts created pursuant to the indentures.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2021	7,835,000	15,585,565	23,420,565
2022	8,035,000	15,371,986	23,406,986
2023	8,260,000	15,134,501	23,394,501
2024	8,510,000	14,873,527	23,383,527
2025	8,785,000	14,590,119	23,375,119
2026-2030	48,920,000	67,712,903	116,632,903
2031-2035	60,115,000	56,184,166	116,299,166
2036-2040	74,520,000	41,464,864	115,984,864
2041-2045	91,955,000	23,718,598	115,673,598
2046-2048	65,005,000	4,187,339	69,192,339
Total	\$ <u>381,940,000</u>	<u>268,823,568</u>	<u>650,763,568</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>
Business-type activities:					
Bonds payable	\$ 389,595,000	-	(7,655,000)	381,940,000	7,835,000
Total business-type activities long-term liabilities	\$ <u>389,595,000</u>	<u>-</u>	<u>(7,655,000)</u>	<u>381,940,000</u>	<u>7,835,000</u>

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 the District has complied with all material financial-related covenants.

The District has pledged certain amenity fee revenue to pay the principal and interest on Recreational Revenue Bonds issued to pay for the purchase of recreational facilities from the Developer. These Recreational 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

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

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to meet the debt obligation, and 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.

<u>Description of Debt</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percent Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Taxable Recreational Revenue Refunding Bonds, Series 2015	Amenities Fee Revenue \$	12,376,971 \$	3,886,343 \$	31.40%	\$ 73,623,273	2039
Taxable Senior Recreational Revenue Bonds, Series 2016	Amenities Fee Revenue	57,541,852	17,742,982	30.83%	523,531,534	2048
Taxable Subordinate Recreational Revenue Bonds, Series 2016	Amenities Fee Revenue	39,798,870	1,912,866	4.81%	53,608,761	2048

NOTE 7 – RELATED PARTIES

The District entered into interlocal agreements with Village Center Community Development District (VCCDD) to obtain certain property management, community watch, recreation and administrative services. Under the agreement, fees paid to VCCDD by the Sumter Landing District for the year ended September 30, 2020, amounted to \$15,778,000.

Village Community Development District Nos. 5, 6, 7, 8, 9, 10, 11, 12, and Brownwood paid amounts to the Project Wide Fund for maintenance of common use right-of-way. The amounts of these payments were \$1,823,000, \$2,023,000, \$1,289,000, \$1,447,000, \$1,644,000, \$2,091,000, \$701,000, \$1,688,000, and \$226,000 respectively. Upon action by their respective Boards of Supervisors, District Nos. 5, 6, 7, 8, 9, 10, 11, 12 and Brownwood may request additional services as they deem necessary for the efficient and effective management of their respective districts. Such additional services are billed to the benefiting district at the District’s cost.

The District purchased water, waste water, and irrigation water, paying rates approved by the Public Service Commission, from companies affiliated with the Developer for \$374,000.

The District has purchased from the Developer newspaper service and advertisements, building rents, management services, and recreation services for \$1,328,000. In addition, the District purchased IT-related services from the Developer totaling \$837,000, golf management services totaling \$2,905,000, for items and services purchased or paid for by the Developer on behalf of the District

The Board of Supervisors for SLCDD as of September 30, 2020, is made up of five members who are either employees or affiliates of the Developer.

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.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The District pays leases on both buildings and office equipment. Future minimum lease payments for these leases are as follows:

Year Ending September 30,	Building Leases	Equipment Leases	Total
2021	11,020	53,187	64,207
2022	11,020	33,240	44,260
2023	11,020	33,240	44,260
2024	11,020	33,240	44,260
2025	11,020		11,020
2026-2030	55,102		55,102
2031-2035	55,102		55,102
2036	11,020		11,020
Total	\$ 176,324	152,907	329,231

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 \$3,841,000 of eligible expenditures sustained as a result of the damage. After several legal interventions and conversations with FEMA, FEMA did not recognize the recreation centers or any facilities or assets owned by Sumter Landing Community Development District as open to the public and considered the amenities private. Thus, FEMA denied any reimbursement.

As Sumter Landing Community Development District received no reimbursement from FEMA and has no further recourse, the District has closed this case.

SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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
Sumter Landing 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, the business-type activities, and each major fund of Sumter Landing 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
Sumter Landing 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
Sumter Landing Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the financial statements of Sumter Landing 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 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. There were no findings and recommendations made in the preceding financial audit report.

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, 2020, basic financial statements for this information). There are no component units related to the entity.

CERTIFIED PUBLIC ACCOUNTANTS

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An Independent Member of the BDO Alliance USA

Board of Supervisors
Sumter Landing Community Development 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 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 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
Sumter Landing Community Development District
The Villages, Florida

We have examined Sumter Landing 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, 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