



VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Basic Financial Statements

September 30, 2020

(With Independent Auditors' Report Thereon)

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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ON THE COVER

The cover photograph was submitted by
Edmund Cain, Fire Chief
in the Villages Public Safety Department.

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Village Center 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, each major fund, and the aggregate remaining fund information of Village Center 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
Village Center 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, each major fund and the aggregate remaining fund information 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 for the General Fund and Public Safety Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully described in Note 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 and required Other Postemployment Benefit information, 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

VILLAGE CENTER 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 Village Center 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 any individual fund issues and concerns. The information contained within this section should be considered in conjunction with the District's Financial Statements.

FINANCIAL HIGHLIGHTS

- Total assets of the District are \$382,515,000; the deferred outflows of the resources of the District are \$4,004,000; total assets and deferred outflows have increased \$6,744,000 over prior year, an increase of 2%.
- Total liabilities of the District are \$211,646,000; the deferred inflows of the resources of the District are \$66,000; total liabilities and deferred inflows have decreased \$11,855,000 over prior year, a decrease of 5%.
- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of September 30, 2020, by \$174,806,000 (net position). Of this amount, \$103,813,000 is unrestricted and can be used at the discretion of the Board of Supervisors.
- At September 30, 2020, fund balance for governmental activities was \$44,677,000, or 82% of total governmental revenues. Of this amount, \$16,413,000 reflects its investment in capital assets and \$11,930,000 is restricted.
- The current year's unrestricted fund balance for governmental activities is \$16,334,000, or 30% of total governmental revenues.
- At September 30, 2020, fund balance for business-type activities was \$130,129,000, or 200% of total business-type revenues. Of this amount, \$28,346,000 reflects its investment in capital assets and \$14,304,000 is restricted.
- The current year's unrestricted fund balance for business-type activities is \$87,479,000, or 134% of total business-type revenues.
- The total net position has grown from a fiscal year 2019 balance of \$156,208,000 to a fiscal year 2020 balance of \$174,806,000.
- The District-wide total revenues of \$119,389,000 exceeded the expenses of \$100,791,000, providing an \$18,598,000 increase in total net position; the increase in net position for the governmental activities and business-type activities was \$5,702,000 and \$12,896,000, respectively.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$7,616,000 to show the need for the gradual replacement of these assets over time while amortization expense totaled \$5,884,000.
- The District's total debt decreased by \$10,495,000 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.

Government-wide Financial Statements

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

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 that 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 that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories, the governmental funds, proprietary funds and fiduciary funds. 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 several governmental funds. 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 General Fund and the Public Safety Special Revenue Fund, both of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. The non-major governmental funds include Community Standards, Village of Spanish Springs, Rolling Acres and Road Maintenance Special Revenue Funds.

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2020

A budgetary comparison statement is provided for the General Fund and the Public Safety Special Revenue Fund to demonstrate compliance with these budgets.

Proprietary funds

Proprietary funds are used to report business-type activities. The District maintains five proprietary funds. Information is presented separately in the proprietary fund balance sheet and in the proprietary fund statement of revenues, expenditures, and changes in fund balance for The Recreation Amenities Division (RAD), the Village Center Service Area (VCSA) Fund and the Little Sumter Service Area (LSSA) Funds, all of which are considered major funds. Enterprise funds, a category of proprietary funds, are included as *business-type activities* in the government-wide financial statements. The non-major proprietary fund include The Enrichment Academy (TEA) Fund. Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail.

The RAD Enterprise Fund provides for the operation, maintenance and debt service for bonds used to acquire recreational facilities in the Districts. The District operates two separate water and sewer utility funds serving different geographical areas of The Villages. The VCSA Fund serves the Village of Spanish Springs commercial area and residential areas in Lake County, plus part of District No. 1 in Sumter County. The LSSA Fund provides utility services to part of District No. 1 and all of District Nos. 2, 3, and 4. The TEA Fund provides for the operations of formal educational opportunities for the District residents.

At September 30, 2019, the assets of the Fitness Fund were donated to Sumter Landing Center Development District (SLCDD) and all liabilities were assumed by SLCDD. All remaining cash was transferred to SLCDD to allow for the continued upkeep of the fitness equipment and operations.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village Center Community Development District's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The District maintains one fiduciary fund, the Beyond the Stars Fund. This fund is used to account for donations voluntarily deducted from employees' paychecks and used for charitable purposes involving needy employees and their family members.

The fiduciary fund financial statements can be found on page 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented beginning on page 23.

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

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertinent to the District's operations. Required Supplementary information begins on page 23.

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND ANALYSIS

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

	Governmental Activities		Business-type Activities		Total	
	September 30, 2020	2019	September 30, 2020	2019	September 30, 2020	2019
Assets:						
Current and other assets	\$ 33,125,384	28,286,397	110,839,894	108,417,570	143,965,278	136,703,967
Capital assets, (net of accumulated depreciation)	16,413,357	16,428,700	105,693,426	107,761,111	122,106,783	124,189,811
Intangible assets, (net of accumulated amortization)	-	-	116,442,443	114,615,780	116,442,443	114,615,780
Total Assets	49,538,741	44,715,097	332,975,763	330,794,461	382,514,504	375,509,558
Deferred outflow of resources:						
Deferred amount on OPEB	294,361	230,393	-	-	294,361	230,393
Deferred amount on debt refunding	-	-	3,709,626	4,034,913	3,709,626	4,034,913
Total assets and deferred outflows	49,833,102	44,945,490	336,685,389	334,829,374	386,518,491	379,774,864
Liabilities:						
Current liabilities	2,581,095	3,981,279	9,056,810	9,600,039	11,637,905	13,581,318
Long-term debt						
Due within one year	495,886	337,808	9,780,000	10,495,000	10,275,886	10,832,808
Due in more than a year	2,017,370	1,581,624	187,715,000	197,495,000	189,732,370	199,076,624
Total Liabilities	5,094,351	5,900,711	206,551,810	217,590,039	211,646,161	223,490,750
Deferred inflow of resources:						
Deferred amount on debt refunding	-	-	4,724	6,299	4,724	6,299
Deferred amount on OPEB	61,482	69,904	-	-	61,482	69,904
Total liabilities and deferred inflows	5,155,833	5,970,615	206,556,534	217,596,338	211,712,367	223,566,953
Net position:						
Net investment in capital assets	16,413,357	16,428,700	28,345,771	18,415,504	44,759,128	34,844,204
Restricted	11,930,096	8,692,012	14,304,079	15,828,405	26,234,175	24,520,417
Unrestricted	16,333,816	13,854,163	87,479,005	82,989,127	103,812,821	96,843,290
Total net position, restated	\$ 44,677,269	38,974,875	130,128,855	117,233,036	174,806,124	156,207,911

Statement of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The District's total assets (and deferred outflows) exceeded total liabilities (and deferred inflows) by \$174,806,000. The net position increased \$18,598,000 from a balance of \$156,208,000 as of September 30, 2019.

The District's net position is broken down into three categories.

Net investment in capital assets A total \$44,759,000 or 26% 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

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

residents; therefore, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

Restricted net assets A total \$26,234,000 of net assets is restricted for certain purposes as outlined below:

Restricted for debt service An additional \$11,420,000 portion of the District's net position (7%) represents resources that are subject to external restrictions on how they may be used. The District's restricted net position is restricted for the purpose of meeting its debt service obligations.

Restricted for special revenue purposes A total of \$11,930,000 of the District's net position (7%) is restricted for the special revenue purposes of public safety, community standards-deed covenants, the Village of Spanish Springs-common area maintenance, Rolling Acres-common area maintenance, commercial road maintenance and community standards.

Restricted for renewal and replacement A total of \$2,444,000 of the District's net position (1%) is restricted by the bond indenture for use in the renewal and replacement of the capital assets as they wear out, in the RAD and two utility proprietary funds.

Restricted for system development A total of \$440,000 of the District's net position (0.2%) is restricted for system development.

Unrestricted net position The remaining portion of \$103,813,000 or 59% 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>
Program revenues:						
Charges for services	\$ 53,493,197	49,987,460	62,642,984	61,518,097	116,136,181	111,505,557
Operating grants and contributions	171,367	40,989	-	-	171,367	40,989
Capital grants and contributions	35,980	43,954	-	20,878	35,980	64,832
Gain on sale of fixed assets	19,559	362,672	-	42,351	19,559	405,023
General revenues:						
Investment earnings	598,353	659,308	2,427,588	2,862,584	3,025,941	3,521,892
Total revenues	<u>54,318,456</u>	<u>51,094,383</u>	<u>65,070,572</u>	<u>64,443,910</u>	<u>119,389,028</u>	<u>115,538,293</u>
Expenses:						
General government	9,172,642	8,071,126	4,123,421	3,894,101	13,296,063	11,965,227
Public safety	23,735,353	21,910,316	2,463,359	2,481,825	26,198,712	24,392,141
Physical environment	4,403,155	4,205,947	15,771,219	14,686,863	20,174,374	18,892,810
Recreation	9,942,096	9,798,440	8,361,055	8,576,714	18,303,151	18,375,154
Interest on long-term debt	-	-	9,318,889	9,691,097	9,318,889	9,691,097
Depreciation (unallocated)	1,362,816	1,403,778	6,253,201	6,000,234	7,616,017	7,404,012
Amortization expense	-	-	5,883,609	5,678,427	5,883,609	5,678,427
Total expenses	<u>48,616,062</u>	<u>45,389,607</u>	<u>52,174,753</u>	<u>51,009,261</u>	<u>100,790,815</u>	<u>96,398,868</u>
Special item:						
Contribution to affiliate	-	-	-	(165,871)	-	(165,871)
Changes in net position	5,702,394	5,704,776	12,895,819	13,268,778	18,598,213	18,973,554
Total net position, beginning, restated	38,974,875	33,270,099	117,233,036	103,964,258	156,207,911	137,234,357
Total net position, ending, restated	<u>\$ 44,677,269</u>	<u>38,974,875</u>	<u>130,128,855</u>	<u>117,233,036</u>	<u>174,806,124</u>	<u>156,207,911</u>

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Management's Discussion and Analysis
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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 \$119,389,000 and \$115,538,000 respectively. Total revenues increased 3% year over year. The District's expenses for the years ended September 30, 2020, and September 30, 2019, were \$100,791,000 and \$96,399,000 respectively. Total expenses increased 5% year over year. The increase in expense was related primarily to an increase in public safety, general government and physical environment expenses.

Revenues include charges for services, operating and capital grants, a gain on sale of fixed assets and investment earnings on cash balances held during the year. Charges for services totaled \$116,136,000 in Fiscal Year 2020, an increase of \$4,631,000 compared to the prior year. Governmental charges increased 7% year over year, while the Little Sumter Service Area (LSSA) and Village Center Service Area (VCSA) water and utility funds and the RAD fund included an approximate 2.5% rate increase. Investment income decreased by \$496,000 primarily due to market conditions related to the Coronavirus Pandemic.

Expenses General government expenses increased by \$1,331,000 in fiscal year 2020 compared to fiscal year 2019. Physical environment expenses, including landscaping, irrigation, utilities and maintenance costs, increased \$1,282,000, as compared to the prior fiscal year. Public safety expense, including costs related to fire and community watch services increased \$1,807,000 over prior year. Interest expense declined by \$372,000, depreciation expense increased \$212,000 and amortization expense increased \$205,000 year over year.

GOVERNMENT FUND BUDGETARY HIGHLIGHTS

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

General Fund

- During fiscal year 2020, the final General Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$1,036,000 primarily in the capital outlay and other expenditures.
- Investment earnings of \$269,000 exceeded the budget of \$157,000. Investment returns showed decreased results over the prior fiscal year due to market conditions related to the Coronavirus Pandemic.
- Total expenses were \$4,500,000, or 16% under budget for the year primarily in personnel services and capital outlay.

Public Safety Special Revenue Fund

- During fiscal year 2020, the final Public Safety Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$2,936,000 primarily in the capital outlay and other expenditures.
- Investment earnings of \$241,000 exceeded the budget of \$46,000. Investment returns decreased results due to market conditions related to the Coronavirus Pandemic.
- Total expenses were \$1,965,000, or 11% under budget for the year primarily in capital outlay.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of September 30, 2020 amounts to \$122,107,000. This investment in capital assets includes land, buildings and structures, improvements other than buildings and machinery and equipment. New capital assets, net of disposals totaled \$5,533,000 during the year. Depreciation expenses totaled \$7,616,000 resulting in an overall net decrease in capital assets of \$2,083,000.

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

Long-Term Debt

As of September 30, 2020, the District has outstanding long-term debt, including a liability for compensated absences and other post-employment benefits totaling \$200,008,000. Total principal payments were \$10,495,000 during the year. A total \$10,276,000 is due within one year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local, state and national economic factors influence the District's budget in a variety of ways. These factors were considered in preparing the District's 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%, is 3.2%, 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.

General Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$2,364,000 compared to the Fiscal Year 2020 final budget. There is no increase in maintenance assessments. Management Fee Assessments makes up the majority of the revenue increase. The Fiscal Year 2021 expenditure budget projects an increase of \$1,166,000, when compared to the Fiscal Year 2020 final budget. The increase in expenditures results primarily from an increase in personnel services.

Public Safety Special Revenue Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$1,833,000 compared to the Fiscal Year 2020 final budget. An increase in management fees makes up the majority of this revenue increase. The Fiscal Year 2021 expenditure budget projects a decrease of \$150,000, when compared to the Fiscal Year 2020 final budget. The decrease in expenditures results primarily from an increase in personnel services offset by a decrease in capital outlay.

Recreation Amenities Division Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$1,023,000 compared to the Fiscal Year 2020 final budget. A 2 ½% increase in amenity fees make up the majority of this revenue increase. The Fiscal Year 2021 General Fund expenditure budget projects a decrease of \$11,273,000, when compared to the Fiscal Year 2020 final budget. The decrease in expenditures results primarily from a decrease in building, landscape and other maintenance and capital outlay.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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Village Center Service Area Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$438,000 compared to the Fiscal Year 2020 final budget. A 2 ½% increase in utility fees make up the majority of this revenue increase. The Fiscal Year 2021 General Fund expenditure budget projects an increase of \$2,296,000, when compared to the Fiscal Year 2020 final budget. The increase in expenditures results primarily from an increase in capital outlay.

Little Sumter Service Area Fund: In Fiscal Year 2021, the total revenues are projected to increase by \$174,000 compared to the Fiscal Year 2020 final budget. A 2 ½% increase in utility fees make up the majority of this revenue increase. The Fiscal Year 2021 General Fund expenditure budget projects an increase of \$680,000, when compared to the Fiscal Year 2020 final budget. The increase in expenditures results primarily from an increase in capital outlay.

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 Center Community Development District, 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

September 30, 2020

Assets	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 26,785,020	56,325,545	\$ 83,110,565
Accounts receivable (net)	26,447	5,328,109	5,354,556
Investments	5,463,814	48,315,329	53,779,143
Investment in annuity	-	789,346	789,346
Due from other governments	728,116	102,754	830,870
Internal balances (net)	21,189	(21,189)	-
Prepaid items	100,798	-	100,798
Capital assets:			
Non depreciable assets	4,040,627	11,464,539	15,505,166
Depreciable assets (net of accumulated depreciation)	12,372,730	94,228,887	106,601,617
Intangible assets (net of accumulated attribution)	-	116,442,443	116,442,443
Total assets	49,538,741	332,975,763	382,514,504
Deferred outflow of resources			
Deferred amount on OPEB	294,361	-	294,361
Deferred amount on debt refunding	-	3,709,626	3,709,626
Total deferred outflows	294,361	3,709,626	4,003,987
Liabilities			
Accounts payable	998,242	1,692,708	2,690,950
Accrued expenses	1,018,536	75,368	1,093,904
Accrued interest payable	-	4,123,034	4,123,034
Due to other governments	555,493	1,016,612	1,572,105
Unearned revenue	8,824	2,149,088	2,157,912
Total current liabilities	2,581,095	9,056,810	11,637,905
Long-term debt:			
Due within one year	495,886	9,780,000	10,275,886
Due in more than one year	2,017,370	187,715,000	189,732,370
Total long-term debt	2,513,256	197,495,000	200,008,256
Total liabilities	5,094,351	206,551,810	211,646,161
Deferred inflow of resources			
Deferred amount on debt refunding	-	4,724	4,724
Deferred amount on OPEB	61,482	-	61,482
Total deferred inflows	61,482	4,724	66,206
Net position			
Net investment in capital assets	16,413,357	28,345,771	44,759,128
Restricted for:			
Debt service	-	11,419,796	11,419,796
Special revenue purposes	11,930,096	-	11,930,096
Renewal and replacement	-	2,444,383	2,444,383
System development	-	439,900	439,900
Unrestricted	16,333,816	87,479,005	103,812,821
Total net position	\$ 44,677,269	130,128,855	\$ 174,806,124

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Activities

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:							
General government	\$ 9,172,642	33,233,617	-	35,980	24,096,955	-	24,096,955
Public safety	23,735,353	20,259,580	171,367	-	(3,304,406)	-	(3,304,406)
Physical environment	4,403,155	-	-	-	(4,403,155)	-	(4,403,155)
Recreation	9,942,096	-	-	-	(9,942,096)	-	(9,942,096)
Depreciation (unallocated)	1,362,816	-	-	-	(1,362,816)	-	(1,362,816)
Total governmental activities	48,616,062	53,493,197	171,367	35,980	5,084,482	-	5,084,482
Business-type activities:							
General government	4,123,421	-	-	-	-	(4,123,421)	(4,123,421)
Public safety	2,463,359	-	-	-	-	(2,463,359)	(2,463,359)
Physical environment	15,771,219	19,587,462	-	6,009	-	3,822,252	3,822,252
Transportation	-	-	-	-	-	-	-
Recreation	8,361,055	43,049,513	-	-	-	34,688,458	34,688,458
Interest on long term debt	9,318,889	-	-	-	-	(9,318,889)	(9,318,889)
Depreciation (unallocated)	6,253,201	-	-	-	-	(6,253,201)	(6,253,201)
Amortization expense	5,883,609	-	-	-	-	(5,883,609)	(5,883,609)
Total business-type activities	52,174,753	62,636,975	-	6,009	-	10,468,231	10,468,231
Total primary government	\$ 100,790,815	116,130,172	171,367	41,989	5,084,482	10,468,231	15,552,713
General revenues:							
Investment earnings					\$ 598,353	2,427,588	3,025,941
Gain on sale of property					19,559	-	19,559
Total general revenues					617,912	2,427,588	3,045,500
Change in net position					5,702,394	12,895,819	18,598,213
Net position, beginning					38,974,875	117,233,036	156,207,911
Net position, ending					\$ 44,677,269	130,128,855	174,806,124

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Balance Sheet
Governmental Funds
September 30, 2020

	<u>Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Department of Public Safety</u>	<u>Non-Major Funds Total</u>	
Assets				
Cash and cash equivalents	\$ 15,047,885	9,270,760	2,466,375	26,785,020
Accounts receivable (net)	16,802	5,467	4,178	26,447
Investments	1,388,627	3,037,049	1,038,138	5,463,814
Due from other funds	21,765	-	1,622	23,387
Due from other governments	530,807	197,309	-	728,116
Prepaid items	79,322	21,476	-	100,798
Total assets	<u>17,085,208</u>	<u>12,532,061</u>	<u>3,510,313</u>	<u>33,127,582</u>
Liabilities and Fund Balance				
Accounts payable	363,095	574,151	60,996	998,242
Accrued expenses	653,526	350,141	14,869	1,018,536
Due to other funds	-	-	2,198	2,198
Due to other governments	555,493	-	-	555,493
Unearned revenue	8,824	-	-	8,824
Total liabilities	<u>1,580,938</u>	<u>924,292</u>	<u>78,063</u>	<u>2,583,293</u>
Fund balances:				
Non-spendable	79,322	21,476	-	100,798
Restricted				
Public Safety	-	9,250,231	-	9,250,231
Community Standards-deed covenants	-	-	80,065	80,065
Village of Spanish Springs-common area maintenance	-	-	1,313,052	1,313,052
Rolling Acres-common area maintenance	-	-	227,182	227,182
Commercial road maintenance	-	-	585,743	585,743
Community Standards	-	-	452,347	452,347
Committed				
Renewal and replacement	-	2,336,062	773,861	3,109,923
Unassigned	15,424,948	-	-	15,424,948
Total fund balance	<u>15,504,270</u>	<u>11,607,769</u>	<u>3,432,250</u>	<u>30,544,289</u>
Total liabilities and fund balance	<u>\$ 17,085,208</u>	<u>12,532,061</u>	<u>3,510,313</u>	<u>33,127,582</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
 September 30, 2020

Fund balance – governmental funds	\$	30,544,289
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 general fund:		
Capital assets	\$	25,252,192
Less accumulated depreciation		<u>(8,838,835)</u>
		16,413,357
Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund:		
Compensated absences		(1,292,138)
Other Post-Employment Benefits (OPEB)		<u>(1,221,118)</u>
		(2,513,256)
Deferred Inflow of Resources - Other Post-Employment Benefits (OPEB)		(61,482)
Deferred Outflow of Resources - Other Post-Employment Benefits (OPEB)		<u>294,361</u>
Net position of governmental activities	\$	<u><u>44,677,269</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year Ended September 30, 2020

	Major Funds			Total
	General Fund	Department of Public Safety	Non-Major Funds	
Revenues:				
Administration and maintenance fees	\$ 29,414,133	-	-	29,414,133
Amenities revenue	-	3,442,080	-	3,442,080
Intergovernmental fire assessments	-	16,482,291	-	16,482,291
State revenue sharing-firefighters' supplemental	-	41,300	-	41,300
Other Grant Revenues		121,754		121,754
Assessments, Village of Spanish Springs	-	-	1,299,311	1,299,311
Assessments, Rolling Acres	-	-	107,669	107,669
Assessments, Commercial Road Maintenance	-	-	36,605	36,605
Assessments, Community Standards	-	-	767,239	767,239
Fees for services provided to developer	1,765,212	-	33,385	1,798,597
Miscellaneous revenues	99	86,189	51,449	137,737
Investment earnings	268,595	241,484	88,274	598,353
Disposition of fixed assets	24,970	-	-	24,970
Contributions and donations from private sources	35,980	15,848	-	51,828
Total revenues	31,508,989	20,430,946	2,383,932	54,323,867
Expenditures:				
Current				
General government	8,043,993	15,800	814,243	8,874,036
Public safety	6,766,208	16,720,644	-	23,486,852
Physical environment	3,342,472	-	1,167,691	4,510,163
Culture/recreation	9,860,761	-	-	9,860,761
Capital outlay	117,960	1,007,632	227,292	1,352,884
Total expenditures	28,131,394	17,744,076	2,209,226	48,084,696
Net change in fund balance and transfers	3,377,595	2,686,870	174,706	6,239,171
Fund balance, beginning of year	12,126,675	8,920,899	3,257,544	24,305,118
Fund balance, end of year	\$ 15,504,270	11,607,769	3,432,250	30,544,289

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds to the Statement of Activities
 Year Ended September 30, 2020

Net change in fund balance – governmental funds	\$	6,239,171
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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period and other capital transactions.</p>		
Capital outlay	\$ 1,352,884	
Loss on disposition of fixed assets	(5,411)	
Less depreciation	<u>(1,362,816)</u>	(15,343)
<p>Decrease (increase) in long-term liabilities is shown on the government-wide statements but not on the governmental fund statements.</p>		
Compensated absences	(331,619)	
Other Post-Employment Benefits (OPEB)	<u>(262,205)</u>	(593,824)
Decrease (increase) in Deferred Inflows OPEB is shown on the government-wide statements		8,422
(Decrease) increase in Deferred Outflows OPEB is shown on the government-wide statements		<u>63,968</u>
Change in net position of governmental activities	\$	<u><u>5,702,394</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual

General 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	\$ 31,199,239	\$ 31,199,239	\$ 31,143,279	\$ (55,960)
Other Income	77,000	77,000	97,115	20,115
Investment Income	157,000	157,000	268,595	111,595
Total Revenues:	<u>31,433,239</u>	<u>31,433,239</u>	<u>31,508,989</u>	<u>75,750</u>
Expenditures:				
Personnel Services	25,802,074	25,787,052	23,340,346	(2,446,706)
Management and Other Professional Services	1,843,298	1,937,817	1,635,775	(302,042)
Utility Services	59,975	75,275	52,032	(23,243)
Building, Landscape and Other Maintenance	167,061	229,446	89,527	(139,919)
Capital Outlay	50,000	649,687	117,960	(531,727)
Other Expenditures	3,673,102	3,951,955	2,895,754	(1,056,201)
Total Expenditures	<u>31,595,510</u>	<u>32,631,232</u>	<u>28,131,394</u>	<u>(4,499,838)</u>
Net Change in Fund Balance	\$ (162,271)	\$ (1,197,993)	\$ 3,377,595	\$ 4,575,588
Beginning Fund Balance	<u>12,126,675</u>	<u>12,126,675</u>	<u>12,126,675</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ 11,964,404</u></u>	<u><u>\$ 10,928,682</u></u>	<u><u>\$ 15,504,270</u></u>	<u><u>\$ 4,575,588</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual

Department of Public Safety

Year ended September 30, 2020

	<u>Original</u>	<u>Amended</u>	<u>YTD Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>		
Revenues:				
Charges for Services	\$ 19,809,018	\$ 19,809,018	\$ 19,931,907	\$ 122,889
Other Income	69,000	69,000	257,555	188,555
Investment Income	46,000	46,000	241,484	195,484
Total Revenues:	<u>19,924,018</u>	<u>19,924,018</u>	20,430,946	506,928
Expenditures:				
Personnel Services	13,515,197	13,515,197	13,243,649	(271,548)
Management and Other Professional Services	985,315	1,020,825	902,411	(118,414)
Utility Services	173,221	175,346	157,298	(18,048)
Building, Landscape and Other Maintenance	233,863	334,398	291,717	(42,681)
Capital Outlay	185,000	2,471,588	1,048,525	(1,423,063)
Other Expenditures	<u>1,680,220</u>	<u>2,191,230</u>	<u>2,100,476</u>	<u>(90,754)</u>
Total Expenditures	<u>16,772,816</u>	<u>19,708,584</u>	17,744,076	(1,964,508)
Net Change in Fund Balance	\$ 3,151,202	\$ 215,434	\$ 2,686,870	\$ 2,471,436
Beginning Fund Balance	<u>8,920,899</u>	<u>8,920,899</u>	<u>8,920,899</u>	<u>-</u>
Ending Fund Balance	<u>\$ 12,072,101</u>	<u>\$ 9,136,333</u>	<u>\$ 11,607,769</u>	<u>\$ 2,471,436</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

Proprietary Funds

September 30, 2020

Assets	Major Funds			Non-Major Funds	Total
	RAD	VCSA Water and Sewer	LSSA Water and Sewer		
Current assets:					
Cash and cash equivalents	\$ 21,209,178	6,553,771	11,304,917	59,812	39,127,678
Restricted cash and cash equivalents	9,367,536	1,806,326	3,929,068	-	15,102,930
Accounts receivable (net)	3,278,352	841,851	1,207,906	-	5,328,109
Investments	30,769,444	9,251,656	8,294,229	-	48,315,329
Investment in annuity	789,346	-	-	-	789,346
Due from other funds	517,090	-	-	232,014	749,104
Due from other governments	102,305	449	-	-	102,754
Total current assets	<u>66,033,251</u>	<u>18,454,053</u>	<u>24,736,120</u>	<u>291,826</u>	<u>109,515,250</u>
Non-current assets:					
Restricted cash and cash equivalents	984,832	295,601	814,503	-	2,094,936
Capital assets:					
Land	9,937,107	150,312	126,797	-	10,214,216
Buildings and structures	62,746,932	1,639,117	5,230,181	-	69,616,230
Infrastructure	36,610,700	37,250,182	39,183,566	-	113,044,448
Furniture & fixtures	1,581,960	1,457,700	1,486,718	-	4,526,378
Construction in progress	562,138	316,378	371,807	-	1,250,323
Less accumulated depreciation	(45,751,270)	(24,086,071)	(23,120,828)	-	(92,958,169)
Intangible assets (net of accumulated amortization)	91,519,092	-	24,923,351	-	116,442,443
Total non-current assets	<u>158,191,491</u>	<u>17,023,219</u>	<u>49,016,095</u>	<u>-</u>	<u>224,230,805</u>
Total assets	<u>224,224,742</u>	<u>35,477,272</u>	<u>73,752,215</u>	<u>291,826</u>	<u>333,746,055</u>
Deferred outflow of resources:					
Deferred amount on debt refunding	3,288,915	-	420,711	-	3,709,626
Total assets and deferred outflows	<u>227,513,657</u>	<u>35,477,272</u>	<u>74,172,926</u>	<u>291,826</u>	<u>337,455,681</u>
	Liabilities				
Current liabilities:					
Accounts payable	1,294,966	213,566	166,644	17,532	1,692,708
Accrued expenses	40,556	10,450	20,015	4,347	75,368
Accrued interest payable	2,579,943	135,190	1,407,901	-	4,123,034
Due to other funds	252,426	224,638	292,451	777	770,292
Due to other governments	962,067	11,053	42,412	1,080	1,016,612
Unearned revenue	1,918,623	-	-	230,465	2,149,088
Current installments of revenue bonds payable	5,780,000	1,610,000	2,390,000	-	9,780,000
Total current liabilities	<u>12,828,581</u>	<u>2,204,897</u>	<u>4,319,423</u>	<u>254,201</u>	<u>19,607,102</u>
Non-current liabilities:					
Revenue bonds payable, net	125,675,000	5,225,000	56,815,000	-	187,715,000
Total non-current liabilities	<u>125,675,000</u>	<u>5,225,000</u>	<u>56,815,000</u>	<u>-</u>	<u>187,715,000</u>
Total liabilities	<u>138,503,581</u>	<u>7,429,897</u>	<u>61,134,423</u>	<u>254,201</u>	<u>207,322,102</u>
Deferred inflow of resources					
Deferred amount on debt refunding	-	4,724	-	-	4,724
Total liabilities and deferred inflows	<u>138,503,581</u>	<u>7,434,621</u>	<u>61,134,423</u>	<u>254,201</u>	<u>207,326,826</u>
	Net position				
Net investment in capital assets	29,040,574	9,887,894	(10,582,697)	-	28,345,771
Restricted for:					
Debt service	6,787,593	1,671,136	2,961,067	-	11,419,796
Renewal and replacement	1,774,178	295,602	374,603	-	2,444,383
System development	-	-	439,900	-	439,900
Unrestricted	51,407,731	16,188,019	19,845,630	37,625	87,479,005
Total net position	<u>\$ 89,010,076</u>	<u>28,042,651</u>	<u>13,038,503</u>	<u>37,625</u>	<u>130,128,855</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

	<u>Major Funds</u>			<u>Non-Major Funds</u>	<u>Total</u>
	<u>RAD</u>	<u>VCSA Water and Sewer</u>	<u>LSSA Water and Sewer</u>		
Operating revenues:					
Charges for services:					
Water revenue	\$ -	3,320,631	6,052,784	-	9,373,415
Sewer revenue	-	4,019,426	5,691,432	-	9,710,858
Recreational amenity fees	40,748,926	-	-	-	40,748,926
Recreational fees	1,352,152	-	-	437,318	1,789,470
Rentals and leases	511,117	-	-	-	511,117
Other Income	488,224	6,306	8,382	277	503,189
Total operating revenues	<u>43,100,419</u>	<u>7,346,363</u>	<u>11,752,598</u>	<u>437,595</u>	<u>62,636,975</u>
Operating expenses:					
Recreational expenses	7,885,650	-	-	475,405	8,361,055
General and administrative	4,119,892	1,862	1,667	-	4,123,421
Public Safety	2,463,359	-	-	-	2,463,359
Physical Environment	8,831,271	3,458,672	3,481,276	-	15,771,219
Depreciation	3,220,000	1,365,512	1,667,689	-	6,253,201
Amortization / accretion	4,775,438	(1,575)	1,109,746	-	5,883,609
Total operating expenses	<u>31,295,610</u>	<u>4,824,471</u>	<u>6,260,378</u>	<u>475,405</u>	<u>42,855,864</u>
Operating income	<u>11,804,809</u>	<u>2,521,892</u>	<u>5,492,220</u>	<u>(37,810)</u>	<u>19,781,111</u>
Non-operating revenue (expenses):					
Investment earnings	1,518,211	421,749	486,118	1,510	2,427,588
Interest expense	(6,232,687)	(270,393)	(2,815,809)	-	(9,318,889)
Total non-operating revenue (expenses)	<u>(4,714,476)</u>	<u>151,356</u>	<u>(2,329,691)</u>	<u>1,510</u>	<u>(6,891,301)</u>
Change in net position before capital contributions	7,090,333	2,673,248	3,162,529	(36,300)	12,889,810
Capital contributions - impact fees	-	3,172	2,837	-	6,009
Change in net position	7,090,333	2,676,420	3,165,366	(36,300)	12,895,819
Total net position, beginning	81,919,743	25,366,231	9,873,137	73,925	117,233,036
Total net position, ending	<u>\$ 89,010,076</u>	<u>28,042,651</u>	<u>13,038,503</u>	<u>37,625</u>	<u>130,128,855</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2020

	Major Funds			Non-Major Funds	Total
	RAD	VCSA Water and Sewer	LSSA Water and Sewer		
Cash flows from operating activities:					
Receipts from customers	\$ 43,251,297	7,387,529	11,924,871	438,406	63,002,103
Payments to suppliers and others	(23,416,482)	(3,553,790)	(3,689,451)	(681,682)	(31,341,405)
Net cash provided (used) by operating activities	<u>19,834,815</u>	<u>3,833,739</u>	<u>8,235,420</u>	<u>(243,276)</u>	<u>31,660,698</u>
Cash flows from capital and related financing activities:					
Principal payments on bonds	(6,610,000)	(1,565,000)	(2,320,000)	-	(10,495,000)
Annuity payments received	946,254	-	-	-	946,254
Interest paid	(6,334,746)	(294,557)	(2,851,630)	-	(9,480,933)
Payment for capital assets	(9,539,495)	(875,722)	(1,156,859)	-	(11,572,076)
Net cash (used in) provided by capital and related financing activities	<u>(21,537,987)</u>	<u>(2,735,279)</u>	<u>(6,328,489)</u>	<u>-</u>	<u>(30,601,755)</u>
Cash flows from investing activities:					
Purchase of investments	(1,372,423)	(460,657)	(694,195)	23,843	(2,503,432)
Interest received	1,518,211	421,749	486,118	1,510	2,427,588
Net cash provided (used) by investing activities	<u>145,788</u>	<u>(38,908)</u>	<u>(208,077)</u>	<u>25,353</u>	<u>(75,844)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,557,384)</u>	<u>1,059,552</u>	<u>1,698,854</u>	<u>(217,923)</u>	<u>983,099</u>
Cash and cash equivalents, beginning of year	<u>33,118,930</u>	<u>7,596,146</u>	<u>14,349,634</u>	<u>277,735</u>	<u>55,342,445</u>
Cash and cash equivalents, end of year	<u>31,561,546</u>	<u>8,655,698</u>	<u>16,048,488</u>	<u>59,812</u>	<u>56,325,544</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:					
Cash per statement of net position:					
Unrestricted cash and cash equivalents	21,209,178	6,553,771	11,304,917	59,812	39,127,678
Restricted cash and cash equivalents - current	9,367,536	1,806,326	3,929,068	-	15,102,930
Restricted cash and cash equivalents - non-current	<u>984,832</u>	<u>295,601</u>	<u>814,503</u>	<u>-</u>	<u>2,094,936</u>
Cash and cash equivalents	<u>31,561,546</u>	<u>8,655,698</u>	<u>16,048,488</u>	<u>59,812</u>	<u>56,325,544</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	11,804,809	2,521,892	5,492,220	(37,810)	19,781,111
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	3,220,000	1,365,512	1,667,689	-	6,253,201
Amortization / accretion	4,775,438	(1,575)	1,109,745	-	5,883,608
Change in assets and liabilities:					
(Increase) Decrease in:					
Accounts receivable	(26,090)	37,994	169,436	811	182,151
Due from other funds	(330,783)	103,429	143,830	8,187	(75,337)
Due from other governments	187,366	-	975	(189,923)	(1,582)
Increase (Decrease) in:					
Accounts payable and accrued liabilities	27,107	(196,685)	(305,296)	(24,541)	(499,415)
Unearned revenue	176,968	-	-	-	176,968
Due to developer	-	-	(46,016)	-	(46,016)
Donations	-	3,172	2,837	-	6,009
Net cash provided by operating activities	<u>\$ 19,834,815</u>	<u>3,833,739</u>	<u>8,235,420</u>	<u>(243,276)</u>	<u>31,660,698</u>

See accompanying notes to basic financial statements

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2020

		<u>Beyond the Stars Agency Fund</u>
Assets:		
Cash and cash equivalents	\$	<u>69,624</u>
Total assets		<u><u>69,624</u></u>
Liabilities:		
Due to Beyond the Stars beneficiaries		<u>69,624</u>
Total liabilities	\$	<u><u>69,624</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Village Center Community Development District (the District) was established in 1992 to manage and finance basic services for a community development district located in The Villages, Florida. The District was created by the Town of Lady Lake, Florida, in Ordinance No. 92-06, pursuant to the provisions of Chapter 190.005 of the Florida Statutes, and operates within the criteria established by Chapter 190. The District is governed by a five-member Board of Supervisors who is elected on a rotating basis by the landowners within the District for terms from two to four years. As of September 30, 2020, four of the five members of the Board of Supervisors are employees of or affiliated with the Developer and one member is a resident of a district within The Villages.

The District provides water and sewer utility services, recreation, security services, fire protection and paramedic services to residents of a retirement community known as The Villages, located in The Villages, Florida. The District also provides for the maintenance of common areas and roadways for the commercial areas within the District's boundaries. 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.

VILLAGE CENTER 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. The development included construction of 6,697 residential units.
- The Village Community Development District No. 7 boundary consists of approximately 976 acres in Sumter County. The development included construction of 4,765 residential units.
- The Village Community Development District No. 8 boundary consists of approximately 1,098 acres in Sumter County. The development included construction of 5,193 residential units of which 12 are being used as lifestyle preview homes by the Developer.
- The Village Community Development District No. 9 boundary consists of approximately 1,299 acres in Sumter County. The development included construction of 5,409 residential units.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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

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

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

In addition to the above community development districts, there is one dependent district of Sumter County 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 water, wastewater and reclaimed water service to Village properties between C.R. 466 and C.R. 466A in Sumter County and potable services to Village properties from C.R. 466A to S.R. 44 in Sumter County. NSCUDD also provides solid waste sanitation services for the Sumter County, Marion County, and portions of The Villages that are in the City of Fruitland Park and City of Wildwood.

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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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 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 General Fund and Public Safety Special Revenue Fund meet this definition as governmental funds and are designated as major funds. The Recreation Amenities Division Fund (RAD), Village Center Service Area and Little Sumter Service Area water and sewer funds also meet this definition as proprietary funds and are designated as major funds. The District has six non-major funds. The Village of Spanish Springs, Rolling Acres, Road Maintenance and Community Standards funds are all non-major governmental special revenue funds. The Enrichment Academy is a non-major proprietary fund. The fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide and the statements of the governmental funds.

Program revenues in the statement of activities consist primarily of special assessments for the governmental funds and charges for utility and 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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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:

General Fund: The General Fund is the primary operating fund of the District and is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Public Safety Special Revenue Fund: The Public Safety Special Revenue Fund is used to account for all financial resources of the Public Safety Department.

The following are the District's four non-major governmental funds:

Rolling Acres Special Revenue Fund: The Rolling Acres Special Revenue Fund is used to account for all financial resources, including special assessments, related to the maintenance of facilities in the Rolling Acres Plaza commercial area, a major retail center in The Villages.

Village of Spanish Springs (VOSS) Special Revenue Fund: The VOSS Special Revenue Fund is used to account for all financial resources, including special assessments, related to the maintenance of facilities in the Spanish Springs commercial area, a major retail center in The Villages.

Road Maintenance Special Revenue Fund: The Road Maintenance Special Revenue Fund is used to account for all financial resources, including special assessments, related to the maintenance of roads and rights-of-way facilities in the commercial areas of The Villages.

Community Standards Special Revenue Fund: The Community Standards Special Revenue Fund is used to account for those services related to deed compliance within The Villages. Any fines levied are also accounted for within this fund.

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

Recreation Amenities Division (RAD) Fund is used to account for the amenity recreation and security revenues and expenses for Districts 1 through 4.

Village Center Service Area (VCSA) Utility Fund is used to account for all water and irrigation revenues and costs of providing services on a continuing basis to customers located in the Lake County portion of The Villages, and a portion of District No. 1 residential areas in Sumter County, along with associated commercial areas.

Little Sumter Service Area (LSSA) Utility Fund is used to account for all water and irrigation revenues and costs of providing services on a continuing basis in the residential areas located in District Nos. 1 (portion), 2, 3, and 4, along with associated commercial areas.

The following fund is the non-major enterprise fund within the District:

The Enrichment Academy (TEA) is used to account for the resources for the operation of a community educational enrichment program.

Fitness Enterprise Fund was used to account for all resources for the operation of the fitness center located at the Mulberry Grove recreation center. At September 30, 2019, the assets and the related liabilities were transferred to an affiliated organization, Sumter Landing Center Development District Fitness Fund.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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 the assigned category 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.

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 all funds 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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".

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.

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.

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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

Compensated Absences It is the District's policy to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide financial statements. The compensated absences balance was \$1,292,000 and \$961,000 as of September 30, 2020 and 2019 respectively.

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 both the utility and 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.

The utility bond resolutions further require the District deposit all system development charges promptly, upon receipt thereof, in the System Development Charges account. These funds shall be accumulated and applied by the District in accordance with the provisions of the Bond Trust Indentures.

Retirement Benefits Full-time employees participate in the District defined contribution retirement plans. The plans were established under IRS section 401(a) and 457(b) and are administered by Nationwide and ICMA. Employees may choose among various investment options available to plan participants. There are two classes of employees participating in the plan, regular full-time employees and professional fire-fighters. During fiscal year 2020, regular full-time employees received a 6% contribution and professional fire-fighters received a 15% contribution based on each employee's total salary. At the end of fiscal year 2020, there were 233 regular full-time employee participants and 131 professional fire-fighters. Employer contributions to the plan for the fiscal year 2020 totaled \$630,000 for the regular full-time employees and \$1,250,000 for the professional fire-fighters. In addition to the employer contribution, there is an employer match as follows: of up to 2% for those non-emergency staff who participate in either of the 457(b) plans with contributions from the employee to those 457(b) plans of at least 2% and of up to 1% for those emergency personnel per collective bargaining agreement who participate in either of the 457(b) plans with contributions from the employee to those 457(b) plans of at least 1%. Employer match contributions for the fiscal year 2020 totaled \$181,000 for the regular full-time employees and \$179,000 for the professional fire-fighters. Employees are fully vested in the plan when employed full-time for 6 years and upon termination of employment will receive 100% of the contributions made on their behalf. If employment is terminated prior to an employee becoming fully vested, they receive a portion of the amount based on the following terms of full-time employment: 2 years – 20%, 3 years – 40%, 4 years –

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

60%, and 5 years – 80%. Any amounts forfeited by employees are distributed annually to the remaining members of the plan on a proportional basis. The plan can only be amended with the approval of the District Board of Supervisors and in the case of the professional fire-fighters; the IAFF Local 4770 must approve changes to the Collective Bargaining Agreement regarding pension contributions. ICMA was closed to new entrants and deferral contributions as of August 2018.

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 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:

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

<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	2,093,975	1.0	n/a
Fl Cooperative Liquid Assets Securities System, FLCLASS	56,335,851	51.0	AAAm
Fl Public Assets for Liquidity Management (FL PALM)	7,482,873	46.0	AAAm
US Bank - State Board of Administration, Florida Prime TM	17,197,866	48.0	AAAm
Total Fair Value	\$ <u>83,110,565</u>		
Portfolio Weighted Average Maturity (WAM)		48.7	

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

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

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

<u>Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
Florida Fixed Income Trust, FLFIT	\$ 18,623,109	0.56	AAAf1/S1
Florida Local Government Investment Trust	22,814,120	2.00	AAAf/S1
PFM Multi-Manager Domestic Equity Fund	4,939,190	n/a	n/a
PFM Multi-Manager International Equity Fund	2,624,492	n/a	n/a
PFM Multi-Manager Fixed Income Fund	4,778,232	8.30	AA
Total Investments	<u>\$ 53,779,143</u>		
Portfolio Weighted Average Maturity (WAM)		1.78	

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

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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.

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	\$ 4,939,190	\$ -	\$ 4,939,190	\$ -
PFM Multi-Manager International Equity Fund	2,624,492	-	2,624,492	-
PFM Multi-Manager Fixed Income Fund	4,778,232	-	4,778,232	-
Totals	\$ 12,341,914	\$ -	\$ 12,341,914	\$ -

Management of the following investment risks are addressed below:

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- Custodial credit risk is the risk that 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 guidelines for diversification of investments by limiting investments to avoid over-concentration in securities from a specific issuer or business sector; limiting investments in securities with higher credit risk; investments in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.
- Interest rate risk is the risk which a security’s value will decrease with a rise in interest rates. To manage interest rate risk, the District maintains a formal investment policy which 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 \$26,000 and \$5,328,000 as of September 30, 2020 respectively. Business-type receivables include outstanding amounts owed from residents for utility services and amenity fees. Governmental receivables includes primarily miscellaneous accounts receivable.

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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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Internal Balances, net The internal balances result from transactions between the governmental funds and the proprietary funds. It is due to the time lag between the dates that (1) inter-fund goods and services were provided or reimbursable expenditure occurred, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The balance at September 30, 2020 is expected to be repaid shortly after year-end from available current assets and next year funding and is offset by the liability balance.

The accounts receivable is shown net of the allowance for doubtful account totaling \$874,000 as of September 30, 2020.

Payables

Accounts Payable As of September 30, 2020, a total \$2,691,000 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 Other Funds The inter-fund balances result from the time lag between the dates that (1) inter-fund goods and services were provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The balance at September 30, 2020 is expected to be repaid shortly after year-end from available current assets and next year funding.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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September 30, 2020

NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Assets not being depreciated:				
Land	\$ 1,427,519	-	-	1,427,519
Construction in progress	1,718,164	894,944	-	2,613,108
Total assets not being depreciated	<u>3,145,683</u>	<u>894,944</u>	<u>-</u>	<u>4,040,627</u>
Assets being depreciated:				
Building	5,185,884	-	-	5,185,884
Furniture & fixtures	14,271,883	230,647	(140,626)	14,361,904
Infrastructure	909,361	227,293	-	1,136,654
Leasehold improvements	527,123	-	-	527,123
Total assets being depreciated	<u>20,894,251</u>	<u>457,940</u>	<u>(140,626)</u>	<u>21,211,565</u>
Total assets	<u>24,039,934</u>	<u>1,352,884</u>	<u>(140,626)</u>	<u>25,252,192</u>
Less accumulated depreciation for:				
Building	(952,472)	(145,809)	-	(1,098,281)
Furniture & fixtures	(6,284,402)	(1,137,396)	135,215	(7,286,583)
Infrastructure	(187,772)	(57,202)	-	(244,974)
Leasehold improvements	(186,588)	(22,409)	-	(208,997)
Total accumulated depreciation	<u>(7,611,234)</u>	<u>(1,362,816)</u>	<u>135,215</u>	<u>(8,838,835)</u>
Governmental activities capital assets, net	<u>16,428,700</u>	<u>(9,932)</u>	<u>(5,411)</u>	<u>16,413,357</u>
	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business activities:				
Assets not being depreciated:				
Land	10,178,726	35,490	-	10,214,216
Construction in progress	1,232,369	965,810	(947,856)	1,250,323
	<u>11,411,095</u>	<u>1,001,300</u>	<u>(947,856)</u>	<u>11,464,539</u>
Assets being depreciated:				
Buildings and structures	68,688,071	928,159	-	69,616,230
Infrastructure	111,686,650	1,357,798	-	113,044,448
Leasehold improvements	-	-	-	-
Furniture & fixtures	2,680,263	1,846,115	-	4,526,378
Total assets being depreciated	<u>183,054,984</u>	<u>4,132,072</u>	<u>-</u>	<u>187,187,056</u>
Total assets	<u>194,466,079</u>	<u>5,133,372</u>	<u>(947,856)</u>	<u>198,651,595</u>
Less accumulated depreciation for:				
Buildings and structures	(29,513,683)	(1,913,911)	-	(31,427,594)
Infrastructure	(55,314,109)	(4,080,935)	-	(59,395,044)
Leasehold improvements	-	-	-	-
Furniture & fixtures	(1,877,176)	(258,355)	-	(2,135,531)
Total accumulated depreciation	<u>(86,704,968)</u>	<u>(6,253,201)</u>	<u>-</u>	<u>(92,958,169)</u>
Business activities capital assets, net	<u>107,761,111</u>	<u>(1,119,829)</u>	<u>(947,856)</u>	<u>105,693,426</u>
Total capital assets governmental and business activities:	\$ <u>124,189,811</u>	<u>(1,129,761)</u>	<u>(953,267)</u>	<u>122,106,783</u>

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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Net capital purchases for governmental activities totaled \$1,347,000 and \$4,186,000 for business activity. Depreciation expense of \$1,363,000 and \$6,253,000 was recognized during the year in governmental activity and business activity respectively.

NOTE 5 – INTANGIBLE ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
RAD:				
Discounted value of amenity fees	\$ 171,432,090	7,386,559	-	178,818,649
Less accumulated amortization	<u>(82,823,112)</u>	<u>(4,476,445)</u>	<u>-</u>	<u>(87,299,557)</u>
Intangible assets, net	<u>88,608,978</u>	<u>2,910,114</u>	<u>-</u>	<u>91,519,092</u>
LSSA:				
Discounted value of utilities charges	43,338,051	-	-	43,338,051
Less accumulated amortization	<u>(17,331,249)</u>	<u>(1,083,451)</u>	<u>-</u>	<u>(18,414,700)</u>
Intangible assets, net	<u>26,006,802</u>	<u>(1,083,451)</u>	<u>-</u>	<u>24,923,351</u>
Business-type activities total:				
Discounted value of amenity fees	171,432,090	-	-	171,432,090
Discounted value of utilities charges	43,338,051	-	-	43,338,051
Less accumulated amortization	<u>(100,154,361)</u>	<u>1,826,663</u>	<u>-</u>	<u>(98,327,698)</u>
Intangible assets, net	<u>\$ 114,615,780</u>	<u>1,826,663</u>	<u>-</u>	<u>116,442,443</u>

In fiscal year 2020, the District purchased the rights to 300 Amenity Fees at the Phillips and Soulliere Recreation Centers for a total \$7,771,000; \$7,387,000 is an intangible asset representing the future amenity fees and \$385,000 is in capital infrastructure costs. The intangible asset will be amortized over 30 years.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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September 30, 2020

NOTE 6 – LONG- TERM DEBT

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

Recreation Amenities Division Bonds:

\$172,425,000 Taxable Recreational Revenue Refunding Bonds, Series 2014 due in annual principal installments ranging from \$3,320,000 to \$11,595,000 through November 2036 in accordance with the redemption schedule. Interest is due semi-annually on May 1 and November 1 of each year until redemption or maturity. Interest rates range from 4.156% to 5.015%. \$ 131,455,000

VCSA Utility Revenue Bonds

\$14,320,000 Utility Revenue Refunding Bonds, Series 2014A due in annual principal installments ranging from \$1,610,000 to \$1,810,000 through October 2023 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rate is 3.956%. 6,835,000

LSSA Utility Revenue Bonds

\$70,300,000 Utility Revenue Bonds, Series 2014B due in annual principal installments ranging from \$2,390,000 to \$4,955,000 through October 2036 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 4.156% to 5.015%. 59,205,000

Total revenue bonds payable	\$ 197,495,000
Less current installment of revenue bonds payable	<u>(9,780,000)</u>
Revenue bonds payable less current installments	<u>\$ 187,715,000</u>

The Taxable Recreational Revenue Bonds, Series 2014 are secured by a lien and pledge of amenity fees and other revenues under the indenture which are derived by the District from the users of the recreational facilities.

The VCSA Utility Revenue Bonds are secured by a lien and pledge of the revenues under the indenture which are derived by the District from the fees and charges for water and wastewater services in the Village Center Areas (VCSA).

The LSSA Utility Revenue Bonds are secured by a lien and pledge of the revenues under the indenture which is derived by the District from the fees and charges for water and wastewater services in the Little Sumter Service Areas (LSSA).

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

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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	9,780,000	9,117,270	18,897,270
2022	10,190,000	8,705,579	18,895,579
2023	10,615,000	8,276,666	18,891,666
2024	11,065,000	7,829,705	18,894,705
2025	9,655,000	7,400,954	17,055,954
2026-2030	50,620,000	30,398,094	81,018,094
2031-2035	63,270,000	16,062,544	79,332,544
2036-2037	32,300,000	1,639,905	33,939,905
Total	\$ <u>197,495,000</u>	<u>89,430,716</u>	<u>286,925,716</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>
Governmental activities:					
Compensated absences	\$ 960,519	331,619	-	1,292,138	258,428
Other post-employment benefits	958,913	262,205	-	1,221,118	237,458
Governmental activities long-term debt	<u>1,919,432</u>	<u>593,824</u>	<u>-</u>	<u>2,513,256</u>	<u>495,886</u>
Business-type activities:					
Bonds payable					
RAD	138,065,000	-	(6,610,000)	131,455,000	5,780,000
VCSA Water and Sewer	8,400,000	-	(1,565,000)	6,835,000	1,610,000
LSSA Water and Sewer	<u>61,525,000</u>	<u>-</u>	<u>(2,320,000)</u>	<u>59,205,000</u>	<u>2,390,000</u>
Total business-type activities long-term liabilities	<u>207,990,000</u>	<u>-</u>	<u>(10,495,000)</u>	<u>197,495,000</u>	<u>9,780,000</u>
Total debt	\$ <u>209,909,432</u>	<u>593,824</u>	<u>(10,495,000)</u>	<u>200,008,256</u>	<u>10,275,886</u>

Debt Covenants and Pledged Revenues

The District has pledged certain amenities fee and water and sewer revenue to pay the principal and interest on Recreational Revenue and Utility Revenue Bonds issued to pay for the purchase of recreational and water and sewer utility facilities from the Developer. These Recreational and Utility Revenue Bonds were outstanding on September 30, 2020, as shown below. The table below reports the revenues pledged for each debt issue, the amounts of revenue received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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<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>
Business type funds					
Amenities Fee Revenue and Other Income of RAD Fund	\$ 43,100,419	\$ 13,094,927	30.38%	192,445,167	2036
Water and Sewer Revenue, VCSA Fund	7,346,363	1,883,720	25.64%	7,388,939	2023
Water and Sewer Revenue, LSSA Fund	11,752,598	5,207,450	44.31%	87,091,610	2036

NOTE 7 – RELATED PARTIES

The District entered into interlocal agreements to provide Village Community Development District No. 1 (District No. 1), Village Community Development District No. 2 (District No. 2), Village Community Development District No. 3 (District No. 3), Village Community Development District No. 4 (District No. 4), Village Community Development District No. 5 (District No. 5), Village Community Development District No. 6 (District No. 6), Village Community Development District No. 7 (District No. 7), Village Community Development District No. 8 (District No. 8), Village Community Development District No. 9 (District No. 9), Village Community Development District No. 10 (District No. 10), Village Community Development District No. 11 (District No. 11), Village Community Development District No. 12 (District No. 12) and Village Community Development District No. 13 (District No. 13), Sumter Landing Community Development District (Sumter Landing), North Sumter County Utility Dependent District and Brownwood Community Development District, certain management, finance, tech and administrative services. Upon action by their respective Boards of Supervisors, District No. 1 through District No. 11, Sumter Landing District, NSCUDD, 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, and include items such as payroll reimbursement for board members, reimbursement for payment of the investment advisor contract, and office equipment lease and copy costs.

The District also has agreements to provide deed compliance services to District No. 1, District No. 2, District No. 3, District No. 4, District No. 5, District No. 6, District No. 7, District No. 8, District No. 9, and District No. 10 and recreation, property management and community watch services to SLCDD.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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The total expense per District is outlined below:

	Management Fees	Deed Compliance	Tech Services	Recreation Fees	Property Management	Community Watch	Totals
Sumter Landing	\$ 3,521,000	\$ -	\$ 454,000	\$ 6,265,000	\$ 1,128,000	\$ 4,863,000	\$ 16,231,000
VCCDD	2,950,000	78,000	317,000	2,980,000	796,000	2,463,000	9,584,000
NSCUDD	1,156,000	-	109,000	-	-	-	1,265,000
Brownwood	244,000	-	5,000	-	-	-	249,000
District #1	158,000	60,000	5,000	-	-	-	223,000
District #2	169,000	56,000	6,000	-	-	-	231,000
District #3	183,000	43,000	6,000	-	-	-	232,000
District #4	247,000	74,000	8,000	-	-	-	329,000
District #5	176,000	72,000	7,000	-	-	-	255,000
District #6	179,000	77,000	7,000	-	-	-	263,000
District #7	153,000	53,000	6,000	-	-	-	212,000
District #8	166,000	73,000	7,000	-	-	-	246,000
District #9	164,000	78,000	7,000	-	-	-	249,000
District #10	174,000	103,000	7,000	-	-	-	284,000
District #11	120,000	-	6,000	-	-	-	126,000
District #12	170,000	-	7,000	-	-	-	177,000
District #13	21,000	-	1,000	-	-	-	22,000
Totals	\$ 9,951,000	\$ 767,000	\$ 965,000	\$ 9,245,000	\$ 1,924,000	\$ 7,326,000	\$ 30,178,000

The District has purchased from the Developer classified advertising, building rents, management services, and repair services for \$1,438,000. In addition, the District purchased IT-related services from the Developer totaling \$1,996,000, golf management services totaling \$1,257,000, for items and services purchased or paid for by the Developer on behalf of the District.

The District purchased water, waste water, and irrigation water, paying rates approved by the Public Service Commission, from companies affiliated with the Developer for \$153,000. The District paid bank fees and loan interest to a bank affiliated with the Developer in the amount of \$14,000 and maintained demand deposit accounts with the same bank based on a compensating balance agreement.

Substantially all capital costs for infrastructure were acquired from the Developer or paid on contracts which were assigned to the District by the Developer using bond proceeds in either the current or previous years.

The Developer purchased from the District certain management, deed compliance, tech, recreation, property management and community watch services totaling \$1,766,000.

The District is governed by a five-member Board of Supervisors. As of September 30, 2020, four of the five members of the Board of Supervisors are employees of, or affiliated with, the Developer.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

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NOTE 8 – RISK MANAGEMENT

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The District had entered into three office building leases and one fire station lease with the Developer. The District has entered into two fire station leases with Sumter Landing Community Development District and a water tower lease with North Sumter County Dependent District.

The District has also entered into operating leases with third parties for various vehicles and office equipment. The future minimum lease payments for these leases are as follows:

Year ending September 30,	Buildings	Vehicles	Equipment	Total
2020	\$ 881,844	\$ 351,228	\$ 31,390	\$ 1,264,462
2021	811,906	159,660	20,478	992,044
2022	811,906	10,302	11,317	833,525
2023	811,906	10,302	2,637	824,845
2024	151,482	3,434	-	154,916
Thereafter	<u>3,749,175</u>	<u>-</u>	<u>-</u>	<u>3,749,175</u>
Total Lease Obligations	<u>\$ 7,218,219</u>	<u>\$ 534,926</u>	<u>\$ 65,822</u>	<u>\$ 7,818,967</u>

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 \$929,000 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 Village Center Community Development District as open to the public and considered the amenities private. Thus, FEMA denied any reimbursement.

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

NOTE 10 – LITIGATION SETTLEMENT AGREEMENT AND AMENITY AUTHORITY COMMITTEE (AAC)

As part of the litigation settlement agreement between the District, The Villages of Lake Sumter, and Villages residents, an initial payment of \$11,886,000 in cash was received in April 2008. In addition, a total of \$28,021,000 in further payments is due each December until 2020. The Villages of Lake Sumter provided the District an annuity contract which is held as an investment valued at \$13,110,000 to cover the last eight years of this settlement requirement. All six annual payments from the Developer have now been received. A final payment of \$166,700 due December 31, 2020, was the eighth of eight annuity payments received from the annuity contract.

As part of the settlement agreement, a requirement was established to form an Amenity Authority Committee (AAC) with duties, authority and limitations to be defined in an Interlocal Agreement among the Village Center Community Development District, the Town of Lady Lake, and Village Community Development District Nos. 1, 2, 3 and 4. This Interlocal Agreement dated April 18, 2008, establishes the membership of the AAC including elected representatives from each of the six jurisdictions named above. It establishes the powers and limitations of the AAC in advising and providing direction to the Board of Supervisors of the Village Center Community Development District concerning the receipt and expenditure of amenities fees, settlement proceeds and related funds.

NOTE 11 – OTHER POST EMPLOYEE BENEFITS (OPEB) OBLIGATIONS

The District follows GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for reporting the employers' OPEB Plan liability.

Plan Description The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity.

Summary of Membership Information The following table provides a summary of the number of participants in the plan as of the measurement date:

Retirees and Beneficiaries	1
Inactive, Non-retired Members	0
Active Plan Members	343
Total Plan Members	344

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

Changes in the Total OPEB Plan Liability The following table shows the change in the District's OPEB Plan liability:

Description	Amount
Service Cost	\$ 135,667
Interest on total OPEB Plan Liability	28,278
Difference between Expected and Actual Experience	98,283
Implicit Rate Study	(23)
Benefit Payment	-
Net Change in OPEB Plan Liability	\$ 262,205
Net OPEB Liability, Beginning Balance	958,913
Net OPEB Liability, Ending Balance	\$ 1,221,118
Net OPEB liability as a % of Covered Payroll	4.40%

Funded Status and Funding Progress As of September 30, 2020, the total OPEB Plan liability was \$1,221,000, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was estimated to be \$27,650,000, and the ratio of the total OPEB Plan liability to the covered payroll was 4.40%.

The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Actuarial Valuation Date For employee and retiree population purposes, October 1, 2019, was the actuarial valuation date. For development of per capita cost purposes and for valuation purposes, October 1, 2019, was used as the effective date of OPEB Plan provisions.

Actuarial Valuation Methods and Assumptions Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Individual Entry Age Normal Cost Method with an increasing normal cost pattern consistent with the salary increase assumptions used in the October 1, 2019 actuarial valuation of the Village Center Community Development District (VCCDD) Medical Plan was used in the OPEB Plan liability calculation.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the October 1, 2019, actuarial valuation of the VCCDD Medical Plan. These demographic assumptions were developed by VCCDD from an Actuarial Experience Study, and therefore are appropriate for use in the OPEB Plan Actuarial Valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the October 1, 2019 actuarial valuation of the VCCDD Medical Plan.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

The 2017 Pension Protection Act mortality tables were used in the October 1, 2019 actuarial valuation. They are based on the results of a statewide experience study covering the period 2006 through 2019.

The total OPEB Plan liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	2.50%

Healthcare cost trend rates were estimated with trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.5%.

Administrative expenses are included in the claims rates.

Discount Rate There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 2.66% (based on the daily rate closest to but not later than the measurement date of the “Fidelity General Obligation AA Index”). The discount rate was 2.66% as of the beginning of the measurement period.

The District’s annual OPEB expense, net of current recognized deferred amounts totaled \$152,000 for the fiscal year ended September 30, 2020. At September 30, 2020, the District reported deferred inflows of resources and deferred outflows of resources related to the OPEB Plan liability from the following source

<u>Description</u>	<u>Deferred Outflow of Resources</u>
Change of Assumptions - FY 2019	\$ 205,619
Change of Assumptions - FY 2020	88,742
	<u>294,361</u>
	Deferred Inflow of Resources
<u>Description</u>	<u>of Resources</u>
Change of Assumptions - FY 2018	\$ (61,482)

The deferred inflows of resources related to OPEB arising from differences between expected and actual experiences, will be recognized in health insurance expense ratably over 10.3 years as follows:

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2020

<u>Fiscal Year Ending September 30,</u>	<u>Amortization</u>
2021	\$ 8,422
2022	8,422
2023	8,422
2024	8,422
2025	8,422
Thereafter	19,372
	<u>\$ 61,482</u>

The deferred outflows of resources related to OPEB arising from differences between expected and actual experiences, will be recognized in health insurance expense ratably over 10.3 years as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amortization</u>
2021	\$ 34,315
2022	34,315
2023	34,315
2024	34,315
2025	34,315
Thereafter	122,786
	<u>\$ 294,361</u>

Sensitivity of the District’s Total OPEB Plan Liability to Changes in the Discount Rate The following presents the District’s OPEB Plan liability calculated using the discount rate of 2.21%, as well as what the OPEB Plan liability would be if it were calculated using a discount rate which is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	<u>1% Decrease in Discount Rate (1.21%)</u>	<u>1% Decrease in Discount Rate (2.21%)</u>	<u>1% Decrease in Discount Rate (3.21%)</u>
OPEB Plan Liability	\$ 1,581,495	\$ 1,221,118	\$ 954,364

Sensitivity of the District’s Total OPEB Plan Liability to the Healthcare Cost Trend Rate Assumption The following presents the District’s OPEB Plan liability calculated using the assumed healthcare cost trend rates as well as what the OPEB Plan’s total liability would be if it were calculated using a trend rate which is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Healthcare Medical Trend Rate Assumption</u>	<u>1% Increase</u>
Entry Age Normal Total OPEB Liability \$	941,435	\$ 1,221,118	\$ 1,617,422

VILLAGE CENTER 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.

**VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

Schedule of Other Postemployment Benefit (OPEB) Plan Liability and Schedule of Change in OPEB Plan Liability

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

Changes in assumptions and other inputs include the change in the discount rate from 4.38% as of the beginning of the measurement period to 2.66% as of the end of the measurement period. This change is reflected in the Schedule of Changes in Total OPEB Plan Liability.

**Village Center Community Development District
Required Supplementary Information
Schedule of Changes in Net Other Postemployment Benefit (OPEB) Plan Liability and Related Ratios
Last 10 Fiscal Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 135,667	\$ 114,713	\$ 80,229
Interest on Total OPEB Plan Liability	28,278	28,790	22,946
Difference between Expected and Actual Experience	98,283	255,166	(86,748)
Benefit Payment	-	(8,204)	-
Implicit Rate Study	(23)	81	81
Net Change in Total OPEB Plan Liability	262,205	390,546	16,508
Total OPEB Plan Liability, Beginning	<u>958,913</u>	<u>568,367</u>	<u>551,859</u>
Total OPEB Plan Liability, Ending	<u>\$ 1,221,118</u>	<u>\$ 958,913</u>	<u>\$ 568,367</u>
Total OPEB Plan Liability	\$ 1,221,118	\$ 958,913	\$ 568,367
Covered- Employee Payroll	\$ 27,650,000	\$ 25,250,000	\$ 26,202,000
Total OPEB Plan Liability as a Percentage of Covered-Employee Payroll	4.4%	3.8%	2.2%

* The amounts presented for each fiscal year were determined as of October 1. The District implemented GASB Statement No. 75 for the fiscal year ended September 30, 2018. As a result, this schedule will present 10 years information as available.

**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
Village Center 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, each major fund, and the aggregate remaining fund information of Village Center 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
Village Center 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
Village Center Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the financial statements of Village Center 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 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 prior year audit findings.

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.

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Board of Supervisors
Village Center 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 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. There are no current year 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
Village Center Community Development District
The Villages, Florida

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

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

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

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

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



February 1, 2021
Ocala, Florida