

Financial Statements

September 30, 2020

**Waterlefe Community
Development District**

	<u>Page</u>
I. Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	12
Statement of Net Position - Proprietary Fund	13
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	14
Statement of Cash Flows - Proprietary Fund	15
Notes to Financial Statements	16
II. Compliance Section:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Management Letter	27
Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	29

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Waterlefe Community Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the *Waterlefe 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

The District's 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 principles 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the District as of September 30, 2020, and the respective changes in financial position and where applicable cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

McDiernit Davis

Orlando, Florida
May 28, 2021

Our discussion and analysis of *Waterlefe Community Development District's* (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Financial Highlights

- The assets of the District exceeded its liabilities at September 30, 2020 by \$12,301,252 an increase in net position of \$109,511 in comparison with the prior year.
- At September 30, 2020, the District's governmental funds reported a fund balance of \$1,988,926, a decrease of \$3,453 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *Waterlefe Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or 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 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 the 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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government, and maintenance and operations related functions. The business-type activities of the District include golf course, restaurant and pro shop operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has two fund categories: Governmental and Proprietary Funds.

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 District'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 the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and debt service fund, which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds

The District maintains one type of proprietary fund: enterprise. The District maintains one enterprise fund. An enterprise fund is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for the operations of the golf course, restaurant, and pro shop. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the golf fund, which is considered a major fund.

Notes to 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.

Government-Wide Financial Analysis

Statement of Net Position

The District's net position was \$12,301,252 at September 30, 2020. The following analysis focuses on the net position of the District's governmental activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 2,034,390	\$ 2,075,041	\$ 305,912	\$ 152,313	\$ 2,340,302	\$ 2,227,354
Capital assets, net	6,857,993	7,248,513	8,262,175	8,022,749	15,120,168	15,271,262
Total assets	8,892,383	9,323,554	8,568,087	8,175,062	17,460,470	17,498,616
Liabilities:						
Current liabilities	121,382	162,950	66,290	62,014	187,672	224,964
Long-term liabilities	4,369,481	4,637,543	457,434	334,386	4,826,915	4,971,929
Total liabilities	4,490,863	4,800,493	523,724	396,400	5,014,587	5,196,893
Deferred Inflows:	-	-	144,631	109,982	144,631	109,982
Net Position:						
Net investment in capital assets	2,663,941	2,788,047	7,804,741	7,688,363	10,468,682	10,476,410
Restricted	40,155	36,612	-	-	40,155	36,612
Unrestricted	1,697,424	1,698,402	94,991	(19,683)	1,792,415	1,678,719
Total net position	\$ 4,401,520	\$ 4,523,061	\$ 7,899,732	\$ 7,668,680	\$ 12,301,252	\$ 12,191,741

Waterlefe Community Development District
Management's Discussion and Analysis

The following is a summary of the District's activities for the fiscal years ended September 30.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,776,087	\$ 1,762,686	\$ 2,510,327	\$ 2,436,339	\$ 4,286,414	\$ 4,199,025
Operating grants and contributions	3,269	8,515	-	-	3,269	8,515
General revenues:						
Investment income	8,488	23,802	-	-	8,488	23,802
Miscellaneous	32,252	12,104	-	-	32,252	12,104
Total revenues	1,820,096	1,807,107	2,510,327	2,436,339	4,330,423	4,243,446
Expenses:						
Governmental activities:						
General government	243,252	224,434	-	-	243,252	224,434
Maintenance and operatic	1,236,499	1,280,095	-	-	1,236,499	1,280,095
Interest	189,386	199,658	-	-	189,386	199,658
Golf Course Operations	-	-	2,551,775	2,539,830	2,551,775	2,539,830
Total expenses	1,669,137	1,704,187	2,551,775	2,539,830	4,220,912	4,244,017
Transfers In/Out	(272,500)	(125,000)	272,500	125,000	-	-
Increase (Decrease) in Net Position	(121,541)	(22,080)	231,052	21,509	109,511	(571)
Net position, beginning	4,523,061	4,545,141	7,668,680	7,647,171	12,191,741	12,192,312
Net position, ending	\$ 4,401,520	\$ 4,523,061	\$ 7,899,732	\$ 7,668,680	\$ 12,301,252	\$ 12,191,741

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2020 was \$1,669,137. The majority of these costs are comprised of maintenance and operations expense.

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2020, the District's governmental funds reported combined ending fund balances of \$1,988,926. Of this total, \$21,295 is nonspendable, \$291,502 is restricted, \$1,099,545 is assigned and the remainder of \$576,584 is unassigned.

The general fund balance decrease of \$978 in the current year was due to a transfer to the golf course enterprise fund. The debt service fund decreased by \$2,475 due to debt service payments.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the September 30, 2020 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2020, the District had \$15,120,168 invested in assets, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2020, the District had \$4,390,000 in bonds outstanding, and \$457,436 in capital leases outstanding. More detailed information about the District's capital debt is presented in the notes to the financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the *Waterlefe Community Development District's* Finance Department at 3434 Colwell Ave., Suite 200, Tampa, Florida 33614.

FINANCIAL STATEMENTS

Waterlefe Community Development District
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 1,397,837	\$ 278,881	\$ 1,676,718
Investments	274	-	274
Accounts receivable	-	107,647	107,647
Due from other funds	323,482	(323,482)	-
Inventory	-	161,057	161,057
Deposits	720	10,849	11,569
Prepaid items	20,575	70,960	91,535
Restricted assets:			
Temporarily restricted investments	291,502	-	291,502
Capital Assets:			
Capital assets not being depreciated	4,020,707	4,652,792	8,673,499
Capital assets, net of depreciation	2,837,286	3,609,383	6,446,669
Total assets	8,892,383	8,568,087	17,460,470
Liabilities:			
Accounts payable and accrued expenses	45,464	66,290	111,754
Accrued interest payable	75,918	-	75,918
Noncurrent liabilities:			
Due within one year	260,000	191,307	451,307
Due in more than one year	4,109,481	266,127	4,375,608
Total liabilities	4,490,863	523,724	5,014,587
Deferred Inflows of Resources			
Deferred inflows	-	144,631	144,631
Total deferred outflows of resources	-	144,631	144,631
Net Position:			
Net investment in capital assets	2,663,941	7,804,741	10,468,682
Restricted for debt service	40,155	-	40,155
Unrestricted	1,697,424	94,991	1,792,415
Total net position	\$ 4,401,520	\$ 7,899,732	\$ 12,301,252

Waterlefe Community Development District
Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 243,252	\$ 216,993	\$ -	\$ -	\$ (26,259)	\$ -	\$ (26,259)
Maintenance and operations	1,236,499	1,103,020	-	-	(133,479)	-	(133,479)
Interest	189,386	456,074	3,269	-	269,957	-	269,957
Total governmental activities	1,669,137	1,776,087	3,269	-	110,219	-	110,219
Business-type activities:							
Golf Course	1,183,711	2,067,256	-	-	-	883,545	883,545
Restaurant	291,926	238,144	-	-	-	(53,782)	(53,782)
Pro Shop	557,534	204,927	-	-	-	(352,607)	(352,607)
Administrative and other	518,604	-	-	-	-	(518,604)	(518,604)
Total business-type activities	2,551,775	2,510,327	-	-	-	(41,448)	(41,448)
Total primary government	\$ 4,220,912	\$ 4,286,414	\$ 3,269	\$ -	\$ 110,219	\$ (41,448)	\$ 68,771
General Revenues:							
Unrestricted investment earnings					8,488	-	8,488
Miscellaneous revenues					32,252	-	32,252
Transfers					(272,500)	272,500	-
Total general revenues and transfers					(231,760)	272,500	40,740
Change in net position					(121,541)	231,052	109,511
Net position, beginning					4,523,061	7,668,680	12,191,741
Net position, ending					\$ 4,401,520	\$ 7,899,732	\$ 12,301,252

Waterlefe Community Development District
Balance Sheet
Governmental Funds
September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 1,397,837	\$ -	\$ 1,397,837
Investments	274	291,502	291,776
Due from other funds	323,867	-	323,867
Deposits	720	-	720
Prepaid items	20,575	-	20,575
Total assets	<u>\$ 1,743,273</u>	<u>\$ 291,502</u>	<u>\$ 2,034,775</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 45,464	\$ -	\$ 45,464
Due to other funds	385	-	385
Total liabilities	<u>45,849</u>	<u>-</u>	<u>45,849</u>
Fund Balances:			
Nonspendable			
Prepaid items and deposits	21,295	-	21,295
Restricted for:			
Debt Service	-	291,502	291,502
Assigned for:			
Capital reserves	1,099,545	-	1,099,545
Unassigned	576,584	-	576,584
Total fund balances	<u>1,697,424</u>	<u>291,502</u>	<u>1,988,926</u>
Total Liabilities and Fund Balances	<u>\$ 1,743,273</u>	<u>\$ 291,502</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Liabilities not due and payable from current resources		6,857,993
Accrued Interest	(75,918)	
Bonds Payable	<u>(4,369,481)</u>	<u>(4,445,399)</u>
Net position of governmental activities		<u>\$ 4,401,520</u>

Waterlefe Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Assessments	\$ 1,320,013	\$ 456,074	\$ 1,776,087
Interest Income	8,488	3,269	11,757
Other revenues	32,252	-	32,252
Total revenues	<u>1,360,753</u>	<u>459,343</u>	<u>1,820,096</u>
Expenditures:			
Current:			
General government	243,252	-	243,252
Maintenance and operations	845,979	-	845,979
Debt Service:			
Principal	-	270,000	270,000
Interest	-	191,818	191,818
Total expenditures	<u>1,089,231</u>	<u>461,818</u>	<u>1,551,049</u>
Excess (Deficit) of Revenues Over Expenditures	<u>271,522</u>	<u>(2,475)</u>	<u>269,047</u>
Other Financing Sources & Uses			
Transfer Out	<u>(272,500)</u>	<u>-</u>	<u>(272,500)</u>
Total Other Financing Sources & Uses	<u>(272,500)</u>	<u>-</u>	<u>(272,500)</u>
Net change in fund balances	(978)	(2,475)	(3,453)
Fund balances, beginning of year	<u>1,698,402</u>	<u>293,977</u>	<u>1,992,379</u>
Fund balances, end of year	<u>\$ 1,697,424</u>	<u>\$ 291,502</u>	<u>\$ 1,988,926</u>

Waterlefe Community Development District
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**
Year Ended September 30, 2020

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds (page 10)	\$ (3,453)
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	270,000
Governmental Funds report outlays for capital assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets. Depreciation on capital assets is not recognized in the governmental fund statement; however, it is reported as an expense in the Statement of Activities.	
Capital outlay	21,261
Depreciation expense	(411,781)
Amortization of original issue discount is not recognized in the governmental fund statements but is reported as an expense in the Statement of activities	(1,938)
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not in the fund financial statements	<u>4,370</u>
Change in Net Position of Governmental Activities (page 8)	<u><u>\$ (121,541)</u></u>

Waterlefe Community Development District
Statement of Revenues, Expenditures and Changes in Fund
Balance Budget and Actual - General Fund
Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 1,229,230	\$ 1,229,230	\$ 1,320,013	\$ 90,783
Interest	1,000	1,000	8,488	7,488
Other Revenues	70,954	70,954	32,252	(38,702)
Total revenues	1,301,184	1,301,184	1,360,753	59,569
Expenditures:				
Current:				
General government	270,256	270,256	243,252	27,004
Maintenance and operations	1,349,419	1,349,419	845,979	503,440
Total expenditures	1,619,675	1,619,675	1,089,231	530,444
Excess (deficit) of revenues over expenditures	(318,491)	(318,491)	271,522	590,013
Other financing sources (uses)				
Transfers out	-	-	(272,500)	(272,500)
Total other financing sources (uses)	-	-	(272,500)	(272,500)
Net change in fund balance	(318,491)	(318,491)	(978)	317,513
Fund balance, beginning	1,698,402	1,698,402	1,698,402	-
Fund balance, ending	\$ 1,379,911	\$ 1,379,911	\$ 1,697,424	\$ 317,513

Waterlefe Community Development District
Statement of Net Position
Proprietary Fund
September 30, 2020

	<u>Enterprise Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 278,881
Accounts receivable, net	107,647
Inventory	161,057
Due from other funds	385
Prepays and deposits	81,809
Total current assets	<u>629,779</u>
Non-current assets:	
Capital Assets:	
Land	4,652,792
Improvements and infrastructure	7,698,475
Less Accumulated depreciation	<u>(4,089,092)</u>
Total non-current assets	<u>8,262,175</u>
Total assets	<u>8,891,954</u>
Liabilities:	
Current Liabilities:	
Accounts payable and accrued expenses	66,290
Due to other funds	323,867
Capital leases payable	<u>191,307</u>
Total current liabilities	<u>581,464</u>
Non-current liabilities:	
Capital leases payable	<u>266,127</u>
Total non-current liabilities	<u>266,127</u>
Total liabilities	<u>847,591</u>
Deferred Inflows of Resources	
Deferred inflows	<u>144,631</u>
Total deferred inflows of resources	<u>144,631</u>
Net Position:	
Net investment in capital assets	7,804,741
Unrestricted	<u>94,991</u>
Total net position	<u>\$ 7,899,732</u>

Waterlefe Community Development District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended September 30, 2020

	<u>Enterprise Fund</u>
Revenues	
Charges for Services - golf course	\$ 2,067,256
Charges for Services - restaurant	238,144
Charges for Services - pro shop	<u>204,927</u>
Total operating revenues	<u>2,510,327</u>
Operating Expenses	
Golf Course	747,530
Restaurant	291,926
Pro Shop	557,534
Administration and other	518,604
Depreciation	<u>290,382</u>
Total Operating Expenses	<u>2,405,976</u>
Operating income	<u>104,351</u>
Non-Operating Revenues (Expenses)	
Loss on fixed asset disposal	<u>(145,799)</u>
Total non-operating revenue (expenses)	<u>(145,799)</u>
Income (loss) before contributions and transfers	(41,448)
Transfers	<u>272,500</u>
Change in net position	231,052
Total net position, beginning	<u>7,668,680</u>
Total net position, ending	<u><u>\$ 7,899,732</u></u>

Waterlefe Community Development District
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2020

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 2,546,339
Payments to suppliers of goods and services	<u>(2,114,611)</u>
Net cash provided by operating activities	<u>431,728</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers to/from other funds	272,500
Decrease in due to/from other funds	<u>47,783</u>
Net cash provided by non-capital financing activities	<u>320,283</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(779,248)
Proceeds from capital lease	428,489
Principal payments on capital lease	<u>(201,800)</u>
Net cash used by capital and related financing activities	<u>(552,559)</u>
Net Increase in Cash and Cash Equivalents	199,452
Cash and Cash Equivalents, beginning	<u>79,429</u>
Cash and Cash Equivalents, ending	<u>\$ 278,881</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating income	<u>\$ 104,351</u>
Adjustments Not Affecting Cash:	
Depreciation	290,382
Change in Assets and Liabilities:	
Decrease (increase) in accounts receivable	1,363
Decrease (increase) in inventory	637
Decrease (increase) in prepaids and deposits	(3,930)
Increase (decrease) in accounts payable	4,276
Increase (decrease) in deferred revenues	<u>34,649</u>
Total adjustments	<u>327,377</u>
Net cash provided by operating activities	<u>\$ 431,728</u>
Noncash capital and related financing activities:	
Gain on lease termination with return of leased assets	<u>\$ 103,641</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Waterlefe Community Development District ("District") was created on October 24, 2000 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes by Manatee County Ordinance 00-55. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District encompasses approximately 458 acres and is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 14, 39, and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Government-Wide and Fund Financial Statements

The financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants, contributions and investment income that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. The major governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 for which they are levied.

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 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance special assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund

Is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund

Is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt

The District reports the following major proprietary fund:

Golf Course Fund

Is used to account for the operations that provide recreational facilities within the District. Receipts are restricted and may only be used for costs associated with the operation of the golf course.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for golf, golf merchandise, and restaurant operations. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance Restricted Assets

These assets represent cash and investments set aside pursuant to bond covenants.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, Fair Value Measurement and Application. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories

Inventories in the proprietary fund consist primarily of golf equipment, apparel and accessories located in the golf pro shop. The District values its inventories at the lower cost or market on a first-in, first-out basis.

Accounts Receivable

Accounts receivable and revenues for the enterprise fund are shown net of an allowance for uncollectible amounts. At September 30, 2020, the allowance for doubtful accounts totaled \$0.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	25
Buildings	40
Golf improvements	30-35
Furniture, fixtures and equipment	3-10

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred revenue results from revenues collected in advance of the year for which they are levied or imposed.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

In fiscal year 2020, the District implemented Government Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of provisions in certain other statements. There was no effect on beginning balances of the District for implementation of this Statement.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Under GASB 72, assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools and non-negotiable, non-transferable certificates of deposit that do not consider market rates are required to be reported and measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost.

Instead of establishing a written investment policy, the District elected to limit investments to those approved by Florida Statutes and the District Trust Indenture. Authorized District investments include, but are not limited to:

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

Investments made by the District at September 30, 2020 are summarized below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Florida Prime	\$ 274	AAAm	48 days
First American Govt Obligation Class Y	97,094	AAAm	44 days
First American Treasury Obligation Class Z	194,408	AAAm	46 days
	<u>\$ 291,776</u>		

Credit Risk:

The District limits credit risk by restricting authorized investments to those described which are either backed by the full faith and credit of the United States Government or maintain the highest credit quality ratings of Moody's or S&P.

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2020, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2020, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

There is no limit on the amount the District may invest in any one issuer.

Interest Rate Risk:

The District does not specifically address interest rate risk; however, their practice is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District invests to provide sufficient liquidity to pay obligations as they come due.

NOTE 4 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and land improvements	\$ 4,020,707	\$ -	\$ -	\$ 4,020,707
Total capital assets not being depreciated	<u>4,020,707</u>	<u>-</u>	<u>-</u>	<u>4,020,707</u>
Capital Assets Being Depreciated:				
Infrastructure	9,898,454	-	-	9,898,454
Golf course improvements	14,812	-	-	14,812
Equipment	87,813	21,261	-	109,074
Total capital assets being depreciated	<u>10,001,079</u>	<u>21,261</u>	<u>-</u>	<u>10,022,340</u>
Less Accumulated Depreciation for:				
Infrastructure	(6,715,727)	(399,350)	-	(7,115,077)
Golf course improvements	(5,233)	(593)	-	(5,826)
Equipment	(52,313)	(11,838)	-	(64,151)
Total accumulated depreciation	<u>(6,773,273)</u>	<u>(411,781)</u>	<u>-</u>	<u>(7,185,054)</u>
Total capital assets being depreciated, net	<u>3,227,806</u>	<u>(390,520)</u>	<u>-</u>	<u>2,837,286</u>
Governmental activities capital assets, net	<u>\$ 7,248,513</u>	<u>\$ (390,520)</u>	<u>\$ -</u>	<u>\$ 6,857,993</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land and land improvements	\$ 4,652,792	\$ -	\$ -	\$ 4,652,792
Total capital assets not being depreciated	<u>4,652,792</u>	<u>-</u>	<u>-</u>	<u>4,652,792</u>
Capital Assets Being Depreciated:				
Golf course improvements	4,019,126	294,347	-	4,313,473
Buildings	1,782,857	-	-	1,782,857
Furniture fixtures and equipment	1,381,337	484,901	(280,989)	1,585,249
Vehicles	281,797	-	(264,901)	16,896
Total capital assets being depreciated	<u>7,465,117</u>	<u>779,248</u>	<u>(545,890)</u>	<u>7,698,475</u>
Less Accumulated Depreciation for:				
Golf course improvements	(2,078,990)	(125,400)	-	(2,204,390)
Buildings	(870,294)	(52,437)	-	(922,731)
Furniture fixtures and equipment	(931,903)	(99,908)	86,736	(945,075)
Vehicles	(213,973)	(12,637)	209,714	(16,896)
Total accumulated depreciation	<u>(4,095,160)</u>	<u>(290,382)</u>	<u>296,450</u>	<u>(4,089,092)</u>
Total capital assets being depreciated, net	<u>3,369,957</u>	<u>488,866</u>	<u>(249,440)</u>	<u>3,609,383</u>
Business type activities capital assets, net	<u>\$ 8,022,749</u>	<u>\$ 488,866</u>	<u>\$ (249,440)</u>	<u>\$ 8,262,175</u>

For governmental activities, depreciation expense was charged to the maintenance and operations function/program.

NOTE 5 LONG-TERM LIABILITIES

Series 2012- Public Offering

On June 12, 2012, the District issued \$3,315,000 of Capital Improvement Revenue Refunding Bonds Series 2012 due May 1, 2031, with interest rates from 2.20% to 4.875%. The Bonds were issued to refund the District's entire outstanding principal amount of Capital Improvement Revenue Bonds, Series 2011A. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2013 through May 1, 2031.

The Bonds are payable from pledged revenue. The Series 2012 Bonds are secured by the pledged revenue as defined in the Master Trust Indenture.

The Bonds are subject to redemption at the option of the District in whole or in part at any time on or after May 1, 2023 prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2012 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2012 Revenue Bonds at September 30, 2020 is \$2,832,013. For the year ended September 30, 2020, principal and interest paid was \$273,731. Special assessment revenue pledged was \$267,302 for the fiscal 2020 year.

Series 2016- Public Offering

On August 26, 2016, the District issued \$2,555,000 of Benefit Special Assessment Revenue Bonds, Series 2016, with an average interest rate of 3.50%. Interest is paid semiannually on each May 1 and November 1. Principal payments on Series 2016 bonds are made serially commencing May 1, 2018 through May 1, 2036.

The Bonds are payable from pledged revenue. The Series 2016 Bonds are secured by the pledged revenue as defined in the Master Trust Indenture.

The Bonds are subject to redemption at the option of the District in whole or in part at any time prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2016 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2016 Revenue Bonds at September 30, 2020 is \$2,961,785. For the year ended September 30, 2020, principal and interest paid was \$188,087. Special assessment revenue pledged was \$188,772 for the fiscal 2020 year.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Long-term debt activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable:					
Series 2012	\$ 2,325,000	\$ -	\$ (165,000)	\$ 2,160,000	\$ 155,000
Series 2016	2,335,000	-	(105,000)	2,230,000	105,000
Bond Discount	(22,457)	-	1,938	(20,519)	-
Total governmental activities	<u>\$ 4,637,543</u>	<u>\$ -</u>	<u>\$ (268,062)</u>	<u>\$ 4,369,481</u>	<u>\$ 260,000</u>
Capital Leases	\$ 334,386	\$ 428,489	\$ (305,441)	\$ 457,434	\$ 191,307
Total business-type activities	<u>\$ 334,386</u>	<u>\$ 428,489</u>	<u>\$ (305,441)</u>	<u>\$ 457,434</u>	<u>\$ 191,307</u>

At September 30, 2020, the scheduled debt service requirements on the bonds payable were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 260,000	\$ 181,553
2022	270,000	171,027
2023	285,000	160,111
2024	295,000	148,564
2025	305,000	135,809
2026-2030	1,755,000	468,858
2031-2035	1,045,000	131,119
2036	175,000	6,227
	<u>\$ 4,390,000</u>	<u>\$ 1,403,268</u>

NOTE 6 LEASES

The District has entered into multiple lease agreements as lessee for financing the acquisition of golf equipment and vehicles. The equipment and vehicles have been capitalized and are included in property and equipment at a cost of approximately \$861,000 on the accompanying Statement of Net Position. Accumulated amortization through September 30, 2020 totaled approximately \$418,000. Amortization of these lease assets is included in depreciation expense and accumulated depreciation in the accompanying government-wide financial statements.

Principal and interest requirements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Requirements</u>
2021	\$ 191,307	\$ 2,907	\$ 194,214
2022	135,099	439	135,538
2023	110,537	-	110,537
2024	19,215	-	19,215
2025	1,276	-	1,276
	<u>\$ 457,434</u>	<u>\$ 3,346</u>	<u>\$ 460,780</u>

NOTE 7 INTERFUND BALANCES

At September 30, 2020, the Enterprise Fund owed the General Fund \$323,867 for capital lease payoffs and capital reserves. Additionally, the general fund transferred \$272,500 to the Enterprise fund to fund operations.

NOTE 8 MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the past three years.

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Waterlefe Community Development District

We have audited, 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, the financial statements of the governmental activities, business-type activities, and each major fund of the *Waterlefe 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 May 28, 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDermitt Davis

Orlando, Florida
May 28, 2021

MANAGEMENT LETTER

Board of Supervisors
Waterlefe Community Development District

Report on the Financial Statements

We have audited the financial statements of the *Waterlefe Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 28, 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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA 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 May 28, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which 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.

McDiarmid Davis

Orlando, Florida
May 28, 2021



934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdermittdavis.com

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors
Waterlefe Community Development District

We have examined Waterlefe Community Development District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. 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 and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

McDermitt Davis

Orlando, Florida
May 28, 2021