

**Grove Resort
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2021

Grove Resort Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2021

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Grove Resort Community Development District
Orange County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Grove Resort Community Development District (the "District") as of and for the year ended September 30, 2021, and the related notes to 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 an opinion 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 Accounting 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 opinion.

Fort Pierce / Stuart

To the Board of Supervisors
Grove Resort Community Development District

Opinion

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 Grove Resort Community Development District as of September 30, 2021, and the respective changes in financial position and cash flows for the Enterprise Fund and the budgetary comparison for the General and Fund for the year then ended in conformity 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 Discussion and Analysis 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 September 19, 2022 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 and contracts. The purpose of that report is 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 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 Grove Resort Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 19, 2022

**Grove Resort Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

Management's discussion and analysis of Grove Resort Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The Government-wide financial statements are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by special assessments. Business-type activities are supported by charges to the users of those activities, such as water park and restaurant service charges.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in three categories; 1) net investment in capital assets, 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities separate from the assets, liabilities, and net position of business-type activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include physical environment and general government. Business-type activities financed by user charges include water park and restaurant services.

Fund financial statements present financial information for governmental funds and the enterprise fund. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The enterprise fund financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

**Grove Resort Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. For the enterprise fund, a **statement of fund net position**, a **statement of revenues, expenses, and changes in fund net position**; and a **statement of cash flows** are presented. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, long term debt, and capital assets are some of the items included in the *notes to the financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2021.

- ◆ The District's total assets exceeded total liabilities by \$32,841,491 (net position). Net investment in capital assets for Governmental Activities was \$20,699,729. Net investment in capital assets for Business-type Activities was \$13,712,438. Unrestricted net position for Governmental Activities was \$(3,829,281) and for Business-type Activities was \$(2,261,529). Restricted net position for Governmental Activities was \$4,520,134.

**Grove Resort Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

- ◆ Governmental Activities revenues totaled \$7,835,418 while Governmental Activities expenses totaled \$2,781,818. Business-type Activities revenues totaled \$9,469,964 while Business-type Activities expenses totaled \$8,819,405.

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District. It is not intended to be a complete presentation of government-wide financial activity.

Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 3,127,855	\$ 3,543,198	\$ -	\$ -	\$ 3,127,855	\$ 3,543,198
Restricted assets	5,944,873	2,099,314	-	-	5,944,873	2,099,314
Capital assets, net	31,947,299	33,201,926 *	13,712,438	14,259,978 *	45,659,737	47,461,904
Total Assets	<u>41,020,027</u>	<u>38,844,438 *</u>	<u>13,712,438</u>	<u>14,259,978 *</u>	<u>54,732,465</u>	<u>53,104,416</u>
Current liabilities	705,651	785,068	2,261,529	3,459,628 *	2,967,180	4,244,696
Non-current liabilities	18,923,794	21,722,388	-	-	18,923,794	21,722,388
Total Liabilities	<u>19,629,445</u>	<u>22,507,456</u>	<u>2,261,529</u>	<u>3,459,628</u>	<u>21,890,974</u>	<u>25,967,084</u>
Net Position						
Net investment in						
capital assets	20,699,729	19,740,386 *	13,712,438	14,259,978 *	34,412,167	34,000,364
Restricted	4,520,134	1,043,215	-	-	4,520,134	1,043,215
Unrestricted	<u>(3,829,281)</u>	<u>(4,446,619)</u>	<u>(2,261,529)</u>	<u>(3,459,628) *</u>	<u>(6,090,810)</u>	<u>(7,906,247)</u>
Total Net Position	<u>\$ 21,390,582</u>	<u>\$ 16,336,982 *</u>	<u>\$ 11,450,909</u>	<u>\$ 10,800,350</u>	<u>\$ 32,841,491</u>	<u>\$ 27,137,332</u>

*Restated

The decrease in capital assets for governmental activities and business-type activities was primarily the result of current year depreciation.

The decrease in total liabilities for governmental activities was primarily the result of principal payments on long-term debt in the current year.

The decrease in total liabilities for the business-type activities was primarily related to the decrease in due to others.

**Grove Resort Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented at the government-wide level for comparison purposes. It is not intended to be a complete presentation of District-wide financial activity.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Program Revenues</u>						
Charges for services	\$ 7,643,394	\$ 6,295,279	\$ 9,469,964	\$ 4,127,080	\$ 17,113,358	\$ 10,422,359
Grants and contributions	35,940	104,780	-	-	35,940	104,780
<u>General Revenues</u>						
Miscellaneous revenues	99,442	-	-	-	99,442	-
Investment earnings	56,642	73,440	-	-	56,642	73,440
Total Revenues	7,835,418	6,473,499	9,469,964	4,127,080	17,305,382	10,600,579
<u>Expenses</u>						
General government	101,861	265,435	-	-	101,861	265,435
Physical environment	1,398,384	1,254,627	-	-	1,398,384	1,254,627
Interest and other charges	1,281,573	1,581,919	-	-	1,281,573	1,581,919
Water park/restaurant	-	-	8,819,405	4,840,862	8,819,405	4,840,862
Total Expenses	2,781,818	3,101,981	8,819,405	4,840,862	11,601,223	7,942,843
Change in Net Position	5,053,600	3,371,518	650,559	(713,782)	5,704,159	2,657,736
Net Position - Beginning of Year	16,336,982	12,965,464	10,800,350	11,514,132	27,137,332	24,479,596
Net Position - End of Year	\$ 21,390,582	\$ 16,336,982	\$ 11,450,909	\$ 10,800,350	\$ 32,841,491	\$ 27,137,332

The decrease in interest and other charges is related to the reduction in bonds outstanding in the current year.

The increase in business-type revenues and expenses is related to increased activity in the current year.

**Grove Resort Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity as of September 30, 2021.

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Buildings and improvements	\$ 26,073,046	\$ 3,340,424	\$ 29,413,470
Infrastructure	1,679,307	11,007,441	12,686,748
Improvements other than buildings	7,958,827	888,305	8,847,132
Equipment	-	772,521	772,521
Accumulated depreciation	<u>(3,763,881)</u>	<u>(2,296,253)</u>	<u>(6,060,134)</u>
 Total Capital Assets (Net)	 <u>\$ 31,947,299</u>	 <u>\$ 13,712,438</u>	 <u>\$ 45,659,737</u>

Governmental activities changes in the current year includes depreciation of \$1,254,627.

Business-type activities changes in the current year include depreciation of \$785,749 and additions to equipment of \$154,489 and buildings and improvements of \$83,720.

General Fund Budgetary Highlights

The budget exceeded actual expenditures for the year primarily because of lower legal fees and insurance costs than were anticipated.

The September 30, 2021 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

In April 2017, the District issued \$13,300,000 Series 2017A Special Assessment Revenue Bonds. These bonds were issued to finance the cost of acquiring, constructing, and reconstructing all or a portion of the Series 2017A Project. As of September 30, 2021, the balance outstanding was \$12,715,000.

In April 2017, the District issued \$41,960,000 Series 2017B Special Assessment Revenue Bonds. These bonds were issued to finance the cost of acquiring, constructing, and reconstructing all or a portion of the Series 2017B Project. As of September 30, 2021, the balance outstanding was \$7,125,000.

**Grove Resort Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Grove Resort Community Development District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2022.

Request for Information

The financial report is designed to provide a general overview of Grove Resort Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Grove Resort Community Development District, PFM Group Consulting, LLC, 3501 Quadrangle Boulevard, Suite 270, Orlando, Florida 32817.

Grove Resort Community Development District
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 3,065,133	\$ -	\$ 3,065,133
Accounts receivable	15,628	-	15,628
Interest receivable	29	-	29
Prepaid expenses	47,065	-	47,065
Total Current Assets	3,127,855	-	3,127,855
Non-Current Assets			
Restricted assets			
Investments	5,944,873	-	5,944,873
Capital assets being depreciated			
Buildings and improvements	26,073,046	3,340,424	29,413,470
Infrastructure	1,679,307	11,007,441	12,686,748
Improvements other than buildings	7,958,827	888,305	8,847,132
Equipment	-	772,521	772,521
Less: accumulated depreciation	(3,763,881)	(2,296,253)	(6,060,134)
Total Non-Current Assets	37,892,172	13,712,438	51,604,610
Total Assets	41,020,027	13,712,438	54,732,465
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	8,802	-	8,802
Due to others	-	2,261,529	2,261,529
Accrued interest	481,849	-	481,849
Bonds payable	215,000	-	215,000
Total Current Liabilities	705,651	2,261,529	2,967,180
Non-Current Liabilities			
Bonds payable, net	18,923,794	-	18,923,794
Total Liabilities	19,629,445	2,261,529	21,890,974
NET POSITION			
Net investment in capital assets	20,699,729	13,712,438	34,412,167
Restricted for debt service	4,237,558	-	4,237,558
Restricted for capital projects	282,576	-	282,576
Unrestricted	(3,829,281)	(2,261,529)	(6,090,810)
Total Net Position	\$ 21,390,582	\$ 11,450,909	\$ 32,841,491

See accompanying notes to financial statements.

Grove Resort Community Development District
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2021

ASSETS	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash and equivalents	\$ 65,133	\$ -	\$ -	\$ 65,133
Accounts receivable	15,628	-	-	15,628
Accrued interest receivable	-	28	1	29
Due from other funds	-	4,519	-	4,519
Prepaid expenses	47,065	-	-	47,065
Restricted assets				
Cash and investments, fair value	-	8,662,298	282,575	8,944,873
Total Assets	<u>\$ 127,826</u>	<u>\$ 8,666,845</u>	<u>\$ 282,576</u>	<u>\$ 9,077,247</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable/accrued expenses	\$ 8,802	\$ -	\$ -	\$ 8,802
Due to other funds	4,519	-	-	4,519
Total Liabilities	<u>13,321</u>	<u>-</u>	<u>-</u>	<u>13,321</u>
Fund Balances				
Nonspendable:				
Prepaid expenses	47,065	-	-	47,065
Restricted for debt service	-	8,666,845	-	8,666,845
Restricted for capital projects	-	-	282,576	282,576
Unassigned	67,440	-	-	67,440
Total Fund Balances	<u>114,505</u>	<u>8,666,845</u>	<u>282,576</u>	<u>9,063,926</u>
Total Liabilities and Fund Balances	<u>\$ 127,826</u>	<u>\$ 8,666,845</u>	<u>\$ 282,576</u>	<u>\$ 9,077,247</u>

See accompanying notes to financial statements.

Grove Resort Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021

Total Governmental Fund Balance	\$ 9,063,926
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets being depreciated, infrastructure, \$1,679,307, buildings and improvements, \$26,073,046, improvements other than buildings, \$7,958,827 net of accumulated depreciation, \$(3,763,881), used in governmental activities are not current financial resources, and therefore, are not reported at the fund	31,947,299
Long-term liabilities, bonds payable, \$(19,840,000), net of bond discount, net, \$701,206, are not due and payable in the current period, and therefore, are not reported at the fund level.	(19,138,794)
Accrued interest expense for long-term debt is not a current financial use and, therefore, is not reported at the fund level.	<u>(481,849)</u>
Net Position of Governmental Activities	<u><u>\$ 21,390,582</u></u>

See accompanying notes to financial statements.

Grove Resort Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Special assessments	\$ 152,777	\$ 7,490,617	\$ -	\$ 7,643,394
Developer contributions	35,940	-	-	35,940
Miscellaneous revenues	99,442	-	-	99,442
Investment earnings	173	56,453	16	56,642
Total Revenues	<u>288,332</u>	<u>7,547,070</u>	<u>16</u>	<u>7,835,418</u>
Expenditures				
Current				
General government	101,861	-	-	101,861
Physical environment	143,757	-	-	143,757
Debt service				
Principal	-	2,835,000	-	2,835,000
Interest	-	1,305,188	-	1,305,188
Total Expenditures	<u>245,618</u>	<u>4,140,188</u>	<u>-</u>	<u>4,385,806</u>
Excess of revenues over/(under) expenditures	42,714	3,406,882	16	3,449,612
Other financing sources/(uses)				
Transfers in	-	-	56,355	56,355
Transfers out	-	(56,355)	-	(56,355)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(56,355)</u>	<u>56,355</u>	<u>-</u>
Net change in fund balances	42,714	3,350,527	56,371	3,449,612
Fund Balances - October 1, 2020	<u>71,791</u>	<u>5,316,318</u>	<u>226,205</u>	<u>5,614,314</u>
Fund Balances - September 30, 2021	<u>\$ 114,505</u>	<u>\$ 8,666,845</u>	<u>\$ 282,576</u>	<u>\$ 9,063,926</u>

See accompanying notes to financial statements.

**Grove Resort Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021**

Net Changes in Fund Balances - Total Governmental Funds \$ 3,449,612

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

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 as depreciation. This is the amount of depreciation in the current period. (1,254,627)

Repayments of long term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 2,835,000

Bond discount is amortized over the life of the bond at the government-wide level. This is the amount of current-year amortization. (46,406)

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net amount between the prior year and the current year accruals. 70,021

Change in Net Position of Governmental Activities \$ 5,053,600

See accompanying notes to financial statements.

Grove Resort Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 147,504	\$ 147,504	\$ 152,777	\$ 5,273
Developer contributions	143,671	143,671	35,940	(107,731)
Miscellaneous revenues	-	-	99,442	99,442
Investment earnings	500	500	173	(327)
Total Revenues	<u>291,675</u>	<u>291,675</u>	<u>288,332</u>	<u>(3,343)</u>
Expenditures				
Current				
General government	135,675	135,675	101,861	33,814
Physical environment	156,000	156,000	143,757	12,243
Total Expenditures	<u>291,675</u>	<u>291,675</u>	<u>245,618</u>	<u>46,057</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>42,714</u>	<u>42,714</u>
Fund Balances - October 1, 2020	<u>-</u>	<u>-</u>	<u>71,791</u>	<u>71,791</u>
Fund Balances - September 30, 2021	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,505</u></u>	<u><u>\$ 114,505</u></u>

See accompanying notes to financial statements.

Grove Resort Community Development District
STATEMENT OF FUND NET POSITION – ENTERPRISE FUND
September 30, 2021

ASSETS

Non-Current Assets

Improvements other than buildings	\$ 888,305
Infrastructure	11,007,441
Buildings and improvements	3,340,424
Equipment	772,521
Less: Accumulated depreciation	<u>(2,296,253)</u>
Total Non-Current Assets	<u>13,712,438</u>

LIABILITIES

Current Liabilities

Due to others	<u>2,261,529</u>
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NET POSITION

Net investment in capital assets	13,712,438
Unrestricted	<u>(2,261,529)</u>
Total Net Position	<u><u>\$ 11,450,909</u></u>

See accompanying notes to financial statements.

**Grove Resort Community Development District
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ENTERPRISE FUND
September 30, 2021**

Operating Revenues:	
Charges for services	\$ 7,781,062
Special assessments	1,688,902
Total Operating Revenues	<u>9,469,964</u>
 Operating Expenses:	
Personal services	2,842,448
General and administrative	470,455
Contractual and professional services	509,016
Supplies and expenses	1,996,205
Repairs and maintenance	1,780,000
Utilities	290,329
Insurance	120,000
Rent and lease expense	25,203
Depreciation	785,749
Total Operating Expenses	<u>8,819,405</u>
 Operating Income(Loss)	 650,559
 Net Position - October 1, 2020	 <u>10,800,350</u>
 Net Position - September 30, 2021	 <u><u>\$11,450,909</u></u>

See accompanying notes to financial statements.

Grove Resort Community Development District
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 9,469,964
Payments to suppliers for goods and services	(6,389,307)
Payments to employees for services	(2,842,448)
Net Cash Provided by Operating Activities	<u>238,209</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	<u>(238,209)</u>
Net change in cash and cash equivalents	-
Cash and equivalents - October 1, 2020	<u>-</u>
Cash and equivalents - September 30, 2021	<u><u>\$ -</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	\$ 650,559
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	785,749
Decrease in due to others	<u>(1,198,099)</u>
Net Cash Used by Operating Activities	<u><u>\$ 238,209</u></u>

See accompanying notes to financial statements.

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Grove Resort Community Development District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

1. Reporting Entity

The District was established on December 5, 2016 under the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, and Orange County Board of County Commissioners Ordinance 2016-29, under the name of Grove Resort Community Development District. 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 the community development within the District.

The District is governed by a five-member Board of Supervisors (the “Board”), who are elected on an at large basis by owners of the property within the District. Among the primary powers, which the Act provides, the Board may exercise the power to manage basic service for community development, the power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure, subject to the approval of applicable State administrative agencies.

As required by GAAP, these financial statements present the Grove Resort Community Development District (the primary government), as a stand-alone government. The reporting entity for the District includes all functions of government in which the District’s Board exercises oversight responsibility which includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

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

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by special assessments and interest, are reported separately from business-type activities. Program revenues include charges for services and special assessments. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Non-spendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance – This classification consists of contractual obligations which require formal approval from the Board of Supervisors. This type of fund balance can only be removed by the Board of Supervisors through the same approval process.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period. Revenues are considered to be available when they are collected within the current period or soon 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.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues) and decreases (expenditures) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Enterprise Funds

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Enterprise Funds (Continued)

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The 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 – The Debt Service Fund accounts for debt service requirements for the District’s outstanding special assessment debt.

Capital Projects Fund – The Capital Projects Fund accounts for construction of infrastructure improvements within the boundaries of the District.

b. Enterprise Major Fund

Enterprise Fund – The Enterprise Fund accounts for the operations of the Water park and Restaurant, which are funded by proceeds from operations of these facilities.

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

c. Non-Current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, due to developer and accrued compensated absences be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

**Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances”.

c. Restricted Net Position

Certain net position of the District are classified as restricted on the Statement of Net Position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

d. Capital Assets

Capital assets, which include buildings and improvements, infrastructure, equipment and improvements other than buildings, are reported in the applicable governmental or business-type activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	30 years
Equipment	3-5 years
Infrastructure	25-30 years
Improvements other than buildings	25-39 years

**Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

e. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to the requirements of the Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

f. Bond Discounts

Bond discounts are amortized over the life of the bonds.

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$9,063,926, differs from “net position” of governmental activities, \$21,390,582, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Improvements other than buildings	\$ 7,958,827
Infrastructure	1,679,307
Buildings and improvements	26,073,046
Accumulated depreciation	<u>(3,763,881)</u>
Total	<u>\$ 31,947,299</u>

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2021 were:

Bonds payable	\$ (19,840,000)
Bond discount	<u>701,206</u>
Net bonds payable	<u>\$ (19,138,794)</u>

Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds.

Accrued interest	<u>\$ (481,849)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net changes in fund balances” for government funds, \$3,449,612, differs from the “change in net position” for governmental activities, \$5,053,600, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated as follows.

Capital related items

When capital assets for governmental activities are purchased or constructed, they are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation. This is the amount of depreciation in the current period.

Depreciation	<u>\$ (1,254,627)</u>
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**Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)

Long-term debt transactions

Repayments of principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Principal payments	\$ <u>2,835,000</u>
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Amortization of the bond discount does not require the use of current financial resources and therefore, is not reported in governmental funds.

Amortization of bond discount	\$ <u>(46,406)</u>
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Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	\$ <u>70,021</u>
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NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2021, the District's bank balance was \$3,076,232 and the carrying value was \$3,065,133. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments

As of September 30, 2021, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Government Obligation	14 days*	\$ 5,944,873

*Weighted average maturity

The District categorizes its fair value measurements within the fair value hierarchy recently 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. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price 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 input.

Based on the criteria in the preceding paragraph, the investments in First American Government Obligation are Level 1 assets.

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. As of September 30, 2021, the District's investments in First American Government Obligation Fund was rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one investment. The District's investment in First American Government Obligation Fund represents 100% of the District's total investments.

**Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

The types of deposits and investments and their level of risk exposure as of September 30, 2021 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2020-2021 fiscal year were levied by the Board in a public hearing. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE E – INTERFUND BALANCES

Interfund balances at September 30, 2021, consisted for the following:

Receivable Fund	Payable Fund
Debt Service Fund	General Fund
	\$ 4,519

Current year interfund activity is a result of the General Fund collecting Debt Service Fund monies in which have not yet been transferred.

NOTE F – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2021, consisted for the following:

Transfers In	Transfers Out
Capital Projects Funds	Debt Service Funds
	\$ 56,355

Current year transfers were completed in accordance with the trust indenture.

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE G – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Infrastructure	\$ 1,679,307	\$ -	\$ -	\$ 1,679,307
Improvements other than buildings	7,958,827	-	-	7,958,827
Buildings and improvements	26,073,046	-	-	26,073,046
Total Capital Assets, Being Depreciated	<u>35,711,180</u>	<u>-</u>	<u>-</u>	<u>35,711,180</u>
Less accumulated depreciation for:				
Infrastructure	(134,344)	(67,172)	-	(201,516)
Improvements other than buildings	(636,706)	(318,353)	-	(955,059)
Buildings and improvements	(1,738,204)	(869,102)	-	(2,607,306)
Total Accumulated Depreciation	<u>(2,509,254)</u>	<u>(1,254,627)</u>	<u>-</u>	<u>(3,763,881)</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,201,926</u>	<u>\$ (1,254,627)</u>	<u>\$ -</u>	<u>\$ 31,947,299</u>

Depreciation was charged to physical environment, \$1,254,627.

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE G – CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in the Business-type Activities capital assets for the year ended September 30, 2021:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,256,704	\$ 83,720	\$ -	\$ 3,340,424
Infrastructure	11,007,441	-	-	11,007,441
Equipment	1,506,337	154,489	-	1,660,826
Total Capital Assets, Being Depreciated	<u>15,770,482</u>	<u>238,209</u>	<u>-</u>	<u>16,008,691</u>
Less accumulated depreciation for:				
Buildings and improvements	(279,579)	(84,130)	-	(363,709)
Infrastructure	(379,567)	(379,567)	-	(759,134)
Equipment	(851,358)	(322,052)	-	(1,173,410)
Total Accumulated Depreciation	<u>(1,510,504)</u>	<u>(785,749)</u>	<u>-</u>	<u>(2,296,253)</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,259,978</u>	<u>\$ (547,540)</u>	<u>\$ -</u>	<u>\$ 13,712,438</u>

Depreciation was charged to water park/restaurant, \$785,749.

NOTE H – LONG TERM DEBT

Governmental Activities

The following is a summary of activity for long-term debt of the Governmental Activities for the year ended September 30, 2021:

Long-term debt at October 1, 2020	\$ 22,675,000
Principal payments	<u>(2,835,000)</u>
Long-term debt at September 30, 2021	\$ 19,840,000
Less: bond discount, net	<u>(701,206)</u>
Bonds Payable, Net at September 30, 2021	<u>\$ 19,138,794</u>

**Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE H – LONG-TERM DEBT (CONTINUED)

Long-term debt for Governmental Activities is comprised of the following:

Bonds Payable

13,300,000 Series 2017A Special Assessment Revenue Bonds are due in annual principal installments beginning November 2018 maturing November 2047. Interest at various rates between 5% and 5.875% is due May and November beginning November 2017. Current portion is \$215,000. \$ 12,715,000

\$41,960,000 Series 2017B Special Assessment Revenue Bonds are due in one installment on November 1, 2029. Interest at various rates between 5.75% and 6% is due May and November beginning November 2017. 7,125,000

Bond Payable at September 30, 2021 \$ 19,840,000

The annual requirements of principal and interest for the bonds payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 215,000	\$ 1,151,063	\$ 1,366,063
2023	225,000	1,140,063	1,365,063
2024	240,000	1,128,438	1,368,438
2025	250,000	1,116,188	1,366,188
2026	265,000	1,103,313	1,368,313
2027-2031	8,655,000	4,867,000	13,522,000
2032-2036	2,015,000	2,651,828	4,666,828
2037-2041	2,680,000	1,967,244	4,647,244
2042-2046	3,560,000	1,056,030	4,616,030
2047-2049	1,735,000	103,252	1,838,252
Totals	<u><u>\$ 19,840,000</u></u>	<u><u>\$ 16,284,419</u></u>	<u><u>\$ 36,124,419</u></u>

**Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE H – LONG-TERM DEBT (CONTINUED)

Summary of Significant Bond Resolution Terms and Covenants

Special Assessment Revenue Bonds

Significant Bond Provisions

The Series 2017A Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after November 1, 2032 at a redemption price equal to the principal amount of the Series 2017A Bonds to be redeemed, together with accrued interest to the date of redemption. The Series 2017A Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Series 2017B Bonds are not subject to optional redemption prior to their maturity. The Series 2017B Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Trust 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 agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Funds – The Series 2017A Reserve Account was funded from the proceeds of the Series 2017A Bonds in an amount equal to the maximum annual debt service outstanding for the Series 2017A Bonds. The Series 2017B Reserve Account was funded from the proceeds of the Series 2017B Bonds in the amount of \$3,000,000. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The following is a schedule of required reserve balances as of September 30, 2021:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Special Assessment Revenue Bonds, Series 2017A	\$ 947,438	\$ 947,438
Special Assessment Revenue Bonds, Series 2017B	\$ 3,000,000	\$ 3,000,000

Grove Resort Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE I – ECONOMIC DEPENDENCY

A significant portion of the District's activity is dependent upon continued involvement of the Developer, the loss which could have a material adverse effect on the District's operations. At September 30, 2021, the Developer owned a significant amount of the assessable property located within the District's boundaries.

The Developer has agreed to fund a portion of the general operations of the District. For the year ended September 30, 2021, the Developer Contributed \$35,940. The Developer also contributed \$531,681 to fund interest call payments made related to the Series 2017A and 2017B Bonds.

All of the Board members are affiliated with the Developer at September 30, 2021.

NOTE J – 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 for which the government carries commercial insurance. These risks are covered by commercial insurance from independent third parties. There were no claims or settled claims from these risks that have exceeded commercial insurance coverage over the past three years.

NOTE K – SUBSEQUENT EVENT

In November 2021, the District redeemed the remaining \$7,125,000 on the Series 2017B Special Assessment Revenue Bonds.

In February 2022, the District issued Special Assessment Revenue Bonds, Series 2022 for \$2,780,000.



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

To the Board of Supervisors
Grove Resort Community Development District
Orange County, 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 Grove Resort Community Development District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grove Resort Community Development District's 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 Grove Resort Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Grove Resort Community Development 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 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.

To the Board of Supervisors
Grove Resort Community Development District
Orange County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grove Resort Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 19, 2022



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Grove Resort Community Development District
Orange County, Florida

Report on the Financial Statements

We have audited the financial statements of the Grove Resort Community Development District as of and for the year ended September 30, 2021, and have issued our report thereon dated September 19, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals 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 September 19, 2022, 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. The following findings or recommendations were made in the preceding audit.

To the Board of Supervisors
Grove Resort Community Development District

2020-01

Finding: The actual expenditures in the General Fund exceeded the budget which is a violation of Section 189.016, Florida Statutes.

Response: The District collected more revenue than expenses, and had sufficient funds on hand to pay its expenses. Management will review spending to ensure that expenditures do not exceed appropriations in the future, and if they do, present a budget amendment to the district board for approval on a timely basis.

Current Status: The finding was corrected in the current year.

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 Grove Resort Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Grove Resort Community Development 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 Grove Resort Community Development District. It is management's responsibility to monitor the Grove Resort Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2021.

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.

To the Board of Supervisors
Grove Resort Community Development District

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Grove Resort Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 2
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: N/A
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$92,068
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2020, together with the total expenditures for such project: The District had no construction projects during the year.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was not amended.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Grove Resort Community Development District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: \$10.88 - \$1,299.05.
- 8) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$7,643,394.
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2017A, \$12,715,000, matures November 2047 and Series 2017B, \$7,125,000, matures November 2029.

To the Board of Supervisors
Grove Resort Community Development District

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 warrants the attention of those charged with governance. In connection with our audit, we noted no 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.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 19, 2022



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**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Grove Resort Community Development District
Orange County, Florida

We have examined Grove Resort Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management is responsible for Grove Resort Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Grove Resort Community Development 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, accordingly, included examining, on a test basis, evidence about Grove Resort Community Development 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 Grove Resort Community Development District's compliance with the specified requirements.

In our opinion, Grove Resort Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 19, 2022