



NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Basic Financial Statements

September 30, 2021

(With Independent Auditors' Report Thereon)

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

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ON THE COVER

The cover photograph was submitted by
Jerica Adams, Staff Assistant
in the Community Standards Department

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of North Sumter County Utility Dependent District (the District) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 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, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



February 1, 2022
Ocala, Florida

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

This Management Discussion and Analysis report provides the reader with a narrative overview and analysis of the financial activities of the North Sumter County Utility Dependent District for the fiscal year ending September 30, 2021. This report is designed to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the District's financial activities; (c) identify changes in the District's financial position and its ability to address the next and subsequent year challenges (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues and concerns. The information contained within this section should be considered in conjunction with the District's Financial Statements.

FINANCIAL HIGHLIGHTS

- Total assets of the District are \$316,375,000; and the deferred outflows of the resources of the District are \$4,778,000.
- Total liabilities of the District are \$307,594,000; and the deferred inflows of the resources of the District are \$0.
- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of September 30, 2021, by \$13,559,000 (net position). Of this amount, \$56,683,000 is unrestricted and can be used at the discretion of the Board of Supervisors.
- The District's total revenues of \$48,103,000 exceeded the expenses of \$41,541,000, providing a \$6,562,000 increase in total net position.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$6,590,000 to show the need for the gradual replacement of these assets over time. Amortization expense totaled \$4,041,000 for the current year.
- The District's total debt decreased by \$3,233,000 during the year ending September 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two sections:

- Fund financial statements
- Notes to the financial statements.

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

Fund Financial Statements

The fund financial statements provide detailed information about the District's major funds individually. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains two proprietary funds. There are no government or fiduciary funds maintained by the District. The fund financial statements present information in more detail than the government-wide financial statements.

Proprietary funds

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

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

The District maintains the following two proprietary funds:

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

The *Statement of Net Position* presents information on all of the District's assets (and deferred outflows) and liabilities (and deferred inflows), with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Changes in Net Position*, also referred to as the *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected assessments).

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

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

The proprietary fund financial statements are provided on pages 9-11 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented beginning on page 12.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT
 Management's Discussion and Analysis
 September 30, 2021

BUSINESS-TYPE ACTIVITIES FINANCIAL STATEMENTS AND ANALYSIS

Statement of Net Position

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

	September 30,	
	2021	2020
Assets:		
Current assets	\$ 57,126,488	48,047,807
Restricted assets	17,532,619	12,769,175
Capital assets (net of accumulated depreciation)	149,864,919	153,649,288
Bond insurance costs (net of accumulated amortization)	166,480	172,527
Intangible assets (net of accumulated amortization)	91,684,580	95,502,072
Total Assets	316,375,086	310,140,869
Deferred outflows of resources		
Deferred amount on debt refunding	4,777,542	4,994,703
Liabilities:		
Current liabilities	11,157,041	8,469,388
Long term debt:		
Due in one year	4,445,000	1,571,213
Due in more than one year	291,992,017	298,098,641
Total Liabilities	307,594,058	308,139,242
Net position:		
Net investment in capital assets	(48,276,934)	(43,636,337)
Restricted for debt service	4,736,260	1,754,923
Restricted for renewal and replacement	446,960	416,334
Unrestricted	56,652,284	48,461,410
Total net position	\$ 13,558,570	6,996,330

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's total assets (and deferred outflows) exceeded total liabilities (and deferred inflows) by \$13,559,000. The net position increased \$6,562,000 from a balance of \$6,996, 000 as of September 30, 2020.

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

- **Net investment in capital assets** reflects its investment in capital assets less any related outstanding debt to acquire those assets. The District uses these capital assets to provide services to its residents; therefore, these assets are not available for future spending. Although the District's investment in its capital assets

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

- **Restricted for debt service** An additional portion of the District's net position, \$4,736,000 represents resources that are subject to external restrictions on how they may be used. The District's restricted net position is restricted for the purpose of meeting its debt service obligations.
- **Restricted for renewal and replacement** A total \$447,000 of the District's net position is restricted by the bond indenture to ensure capital renewal and replacement is adequately funded, calculated as a minimum of 2% of the prior year's revenues.
- **Unrestricted net position** The remaining portion of \$56,652,000 is unrestricted and available to meet the future needs of the district as unrestricted net position.

Statement of Changes in Net Position

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

	September 30,	
	2021	2020
	<hr/>	<hr/>
Business activity revenues		
Charges for physical environment services	\$ 46,833,335	43,265,127
Investment income	939,173	1,145,151
Contributions - private sources & donations	-	602,029
Rents and royalties	292,618	271,215
Miscellaneous Revenues	27,498	41,810
Sale of surplus materials and scrap	10,500	5,200
Total revenues	<hr/> 48,103,124	<hr/> 45,330,532
Business activity expenses		
Physical environment	19,867,108	18,241,055
Interest on long-term debt	11,042,876	13,042,033
Depreciation (unallocated)	6,590,198	6,532,961
Amortization expense	4,040,702	3,792,180
Total expenses	<hr/> 41,540,884	<hr/> 41,608,229
Changes in net position	\$ <hr/> <hr/> 6,562,240	<hr/> <hr/> 3,722,303

As noted earlier, the Statement of Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

Revenues The District's revenues for the years ended September 30, 2021, and September 30, 2020 were approximately \$48,103,000 and \$45,330,000 respectively. Total revenues increased \$2,773,000 year over year. The District's expenses for the years ended September 30, 2021, and September 30, 2020, were \$41,541,000 and \$41,608,000 respectively.

Revenues include charges for physical environment services, investment income and other miscellaneous income. On average, charges for services increased 2 1/2% over prior year. Investment income declined by \$206,000 primarily due to market conditions related to the Coronavirus Pandemic.

Expenses Total expenses decreased by \$67,000 in fiscal year 2021 compared to fiscal year 2020. This decrease in expense was related primarily to an increase in Physical Environment offset by a decrease in interest expenses. Physical environment expenses increased \$1,626,000 compared to prior year. Depreciation expense increased \$57,000, Amortization expense increased \$249,000 and Interest Expense decreased by \$1,999,000 year over year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of September 30, 2021 amounts to \$149,865,000. This investment in capital assets includes land, buildings, infrastructure and furniture and fixtures. The District invested a net \$2,806,000 during the year. Depreciation expenses totaled \$6,590,000 resulting in an overall net decrease in capital assets of \$3,784,000.

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

Long-Term Debt

As of September 30, 2021, and September 30, 2020, the District had long-term debt outstanding of \$296,437,000 and \$299,670,000, respectively. The debt consists of various Revenue Bonds issued to purchase NSU, SSF and CSU. This debt is secured by a pledge of revenues under the indentures which are derived by the District from the users of the utility services.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local, state and national economic factors influence the District's budget in a variety of ways. These factors were considered in preparing the District's budget for the 2021 Fiscal Year.

- The unemployment rate in Sumter County where the District is located was 5.6% in September 2021, a decrease from 5.7% a year ago. The County's average unemployment rate was above the State's average unemployment rate of 4.9%, which was above the national average rate of 4.8%.
- Inflationary trends in the area are comparable to national indices. The national Consumer Price Index (CPI) annual change for all urban consumers increased from 1.37% in September 2020 to 4.24% in September 2021.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

North Sumter Utility Fund: In Fiscal Year 2022, the total revenues are projected to increase by \$1,133,000 compared to the Fiscal Year 2021 final budget. An increase in water, sewer and irrigation and investment earnings is offset by a projected decrease in other income. The Fiscal Year 2022 expenditure budget projects a decrease of \$7,417,000, when compared to the Fiscal Year 2021 final budget. The decrease in expenditures results primarily from a decrease in capital outlay and debt service expenditures.

Sumter Sanitation Fund: In Fiscal Year 2022, the total revenues are projected to increase by \$532,000 compared to the Fiscal Year 2021 final budget. Solid Waste fees make up the majority of the revenue increase. The Fiscal Year 2022 expenditure budget projects a \$1,493,000 decrease when compared to the Fiscal Year 2021 final budget. The decrease in expenditures results primarily from a decrease in capital outlay.

Central Sumter Utility Fund: In Fiscal Year 2022, the total revenues are projected to decrease by \$255,000 compared to the Fiscal Year 2021 final budget. A slight decrease in water, sewer and irrigation is offset by a projected increase in other income. The Fiscal Year 2022 expenditure budget projects an increase of \$50,000, when compared to the Fiscal Year 2021 final budget. The increase in expenditures results primarily due to an increase in capital outlay and debt service offset by a decrease in building, landscape and other maintenance and management and other professional services.

TO OBTAIN FURTHER INFORMATION

The District's financial statements are designed to provide a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or would like additional financial information, contact the Village Community Development Districts, Finance Office at:

984 Old Mill Run
The Villages, FL 32162
Telephone (352) 753-0421

It is also suggested you visit our website at www.districtgov.org for general information and additional financial information about the District.

North Sumter County Utility Dependent District

Statement of Net Position

Proprietary Funds

September 30, 2021

Assets	North Sumter Utility	Sumter Sanitation	Central Sumter Utility	NSCUDD Total
Current assets:				
Cash and cash equivalents	\$ 28,506,492	1,161,889	3,048,590	32,716,971
Restricted cash and cash equivalents	6,176,453	2,536,768	2,390,216	11,103,437
Investments	17,628,803	1,451,572	467,296	19,547,671
Accounts receivable, net	2,738,767	1,211,145	821,640	4,771,552
Due from other governments	4,913	77,662	-	82,575
Due from other funds	-	180,946	-	180,946
Accrued interest receivable and prepaids	5,013	452	2,255	7,720
Total current assets	<u>55,060,441</u>	<u>6,620,434</u>	<u>6,729,997</u>	<u>68,410,872</u>
Non-current assets:				
Restricted cash and cash equivalents	1,005,416	3,934,303	1,489,463	6,429,182
Capital assets:				
Non depreciable assets	1,047,011	537,243	50,069	1,634,323
Depreciable assets (net of accumulated depreciation)	80,328,255	984,002	66,918,339	148,230,596
Bond insurance costs (net of accumulated amortization)	-	-	166,480	166,480
Intangible assets (net of accumulated amortization)	25,452,695	38,824,903	27,406,981	91,684,579
Total non-current assets	<u>107,833,377</u>	<u>44,280,451</u>	<u>96,031,332</u>	<u>248,145,160</u>
Total assets	<u>162,893,818</u>	<u>50,900,885</u>	<u>102,761,329</u>	<u>316,556,032</u>
Deferred outflows of resources				
Deferred amount on refunding	4,777,542	-	-	4,777,542
Liabilities				
Current liabilities:				
Accounts payable	900,804	912,846	318,486	2,132,136
Accrued expenses and other current liabilities	24,338	-	668,937	693,275
Accrued interest payable	3,085,252	1,202,376	2,064,625	6,352,253
Due to other governments	848,783	-	437,807	1,286,590
Due to other funds	118,041	-	62,905	180,946
Utility guarantee deposit	-	17,414	-	17,414
Unearned revenue	-	675,373	-	675,373
Current installments of revenue bonds payable	2,970,000	1,250,000	225,000	4,445,000
Total current liabilities	<u>7,947,218</u>	<u>4,058,009</u>	<u>3,777,760</u>	<u>15,782,987</u>
Non-current liabilities:				
Revenue bonds payable	144,972,684	47,434,557	99,584,776	291,992,017
Total non-current liabilities	<u>144,972,684</u>	<u>47,434,557</u>	<u>99,584,776</u>	<u>291,992,017</u>
Total liabilities	<u>152,919,902</u>	<u>51,492,566</u>	<u>103,362,536</u>	<u>307,775,004</u>
Net position				
Net investment in capital assets	(40,109,307)	(4,404,106)	(3,763,521)	(48,276,934)
Restricted for:				
Debt service	3,091,200	1,334,392	310,668	4,736,260
Renewal and replacement	446,960	-	-	446,960
Unrestricted	51,322,605	2,478,033	2,851,646	56,652,284
Total net position	<u>\$ 14,751,458</u>	<u>(591,681)</u>	<u>(601,207)</u>	<u>13,558,570</u>

See accompanying notes to basic financial statements.

North Sumter County Utility Dependent District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2021

	<u>North Sumter Utility</u>	<u>Sumter Sanitation</u>	<u>Central Sumter Utility</u>	<u>NSCUDD Total</u>
Operating revenues:				
Charges for services:				
Water revenue	\$ 4,665,521	-	2,674,107	7,339,628
Sewer revenue	7,911,482	-	5,126,106	13,037,588
Irrigation revenue	10,621,474	-	-	10,621,474
Solid waste revenue	-	15,533,071	-	15,533,071
Rents and royalties	221,092	8,640	62,886	292,618
Miscellaneous revenue	162,730	18,114	148,228	329,072
Total operating revenues	<u>23,582,299</u>	<u>15,559,825</u>	<u>8,011,327</u>	<u>47,153,451</u>
Operating expenses:				
Contractual operation and maintenance services	3,012,641	10,519,411	1,274,830	14,806,882
General and administrative services	1,371,677	317,422	647,281	2,336,380
Utility services	999,636	3,255	402,801	1,405,692
Repair and maintenance services	398,916	4,350	172,100	575,366
Insurance, casualty and liability	238,074	-	92,198	330,272
Meter and operating supplies	364,859	-	47,657	412,516
Depreciation expense	5,210,210	12,456	1,367,532	6,590,198
Amortization expense	1,365,403	1,844,361	830,938	4,040,702
Total operating expenses	<u>12,961,416</u>	<u>12,701,255</u>	<u>4,835,337</u>	<u>30,498,008</u>
Operating income	<u>10,620,883</u>	<u>2,858,570</u>	<u>3,175,990</u>	<u>16,655,443</u>
Non-operating revenue (expenses):				
Investment income	835,530	91,613	12,030	939,173
Interest expense	(5,055,378)	(2,376,676)	(3,610,822)	(11,042,876)
Sale of surplus materials and scrap	10,500	-	-	10,500
Total non-operating revenue (expenses)	<u>(4,209,348)</u>	<u>(2,285,063)</u>	<u>(3,598,792)</u>	<u>(10,093,203)</u>
Change in net position	6,411,535	573,507	(422,802)	6,562,240
Total net position, beginning	<u>8,339,923</u>	<u>(1,165,188)</u>	<u>(178,405)</u>	<u>6,996,330</u>
Total net position, ending	<u>\$ 14,751,458</u>	<u>(591,681)</u>	<u>(601,207)</u>	<u>13,558,570</u>

See accompanying notes to basic financial statements.

North Sumter County Utility Dependent District
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2021

	<u>North Sumter Utility</u>	<u>Sumter Sanitation</u>	<u>Central Sumter Utility</u>	<u>NSCUDD Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 23,337,826	15,478,295	7,961,685	46,777,806
Payments to suppliers	(5,776,533)	(10,991,629)	(2,428,637)	(19,196,799)
Net cash provided (used) by operating activities	<u>17,561,293</u>	<u>4,486,666</u>	<u>5,533,048</u>	<u>27,581,007</u>
Cash flows from capital and related financing activities:				
Principal paid on debt	(1,115,122)	(1,218,073)	(623,429)	(2,956,624)
Acquisition of capital assets	(1,204,611)	(1,533,701)	(67,517)	(2,805,829)
Interest paid on debt	(3,392,771)	(2,406,426)	(3,613,447)	(9,412,644)
Net cash (used in) provided by capital and related financing activities	<u>(5,712,504)</u>	<u>(5,158,200)</u>	<u>(4,304,393)</u>	<u>(15,175,097)</u>
Cash flows from investing activities:				
Proceeds from sale of surplus material and scrap	10,500	-	-	10,500
Purchase of investments	(5,726,928)	(190,490)	(467,296)	(6,384,714)
Interest on investments	835,530	91,161	11,650	938,341
Net cash provided (used) by investing activities	<u>(4,880,898)</u>	<u>(99,329)</u>	<u>(455,646)</u>	<u>(5,435,873)</u>
Net increase (decrease) in cash and cash equivalents	6,967,891	(770,863)	773,009	6,970,037
Cash and cash equivalents, beginning of year	28,720,470	8,403,823	6,155,260	43,279,553
Cash and cash equivalents, end of year	<u>35,688,361</u>	<u>7,632,960</u>	<u>6,928,269</u>	<u>50,249,590</u>
Reconciliation of cash and cash equivalents per				
Statement of cash flows to the statement of net assets:				
Cash per statement of net position:				
Unrestricted cash and cash equivalents	28,506,492	1,161,889	3,048,590	32,716,971
Restricted cash and cash equivalents - current	6,176,453	2,536,768	2,390,216	11,103,437
Restricted cash and cash equivalents - non-current	1,005,416	3,934,303	1,489,463	6,429,182
Cash and cash equivalents	<u>35,688,361</u>	<u>7,632,960</u>	<u>6,928,269</u>	<u>50,249,590</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	10,620,883	2,858,570	3,175,990	16,655,443
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	5,210,210	12,456	1,367,532	6,590,198
Amortization	1,365,403	1,844,361	830,938	4,040,702
Changes in assets and liabilities:				
(Increase) Decrease in:				
Accounts receivable	(244,259)	(165,526)	(49,642)	(459,427)
Due from other governments	14,352	(9,072)	10,726	16,006
Due to other fund	25,564	(29,718)	4,154	-
Due from developer	-	(276,213)	-	(276,213)
Increase (Decrease) in:				
Accounts payable	568,561	170,473	(474,871)	264,163
Unearned revenue	(214)	83,996	-	83,782
Accrued expenses and other current liabilities	793	-	668,221	669,014
Utility Guarantee Deposit	-	(2,661)	-	(2,661)
Net cash provided by operating activities	<u>\$ 17,561,293</u>	<u>4,486,666</u>	<u>5,533,048</u>	<u>27,581,007</u>

See accompanying notes to basic financial statements.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The North Sumter County Utility Dependent District (the District) was established on July 13, 2010 to manage and finance solid waste collection and disposal, water, wastewater and reclaimed water utility services for approximately 8,000 acres of land located in unincorporated Sumter County in The Villages, Florida. The District was created by Sumter County, Florida, in Ordinance No. 2010-10, pursuant to the provisions of Chapter 189 of the *Florida Statutes*, and operates within the criteria established by Chapter 189. The District is governed by a seven-member Board of Supervisors. The Board is made up of one resident from each of Districts 5 through District 10, with an additional at-large member anywhere from within Districts 5 through 10. As of September 30, 2021, each member of the Board of Supervisors has been elected by qualified electors (registered voters).

The District provides water, wastewater and reclaimed water service to Village properties between C.R. 466 and C.R. 466A in Sumter County and potable services to Village properties from C.R. 466A to S.R 44 in Sumter County. NSCUDD also provides solid waste sanitation services for the Sumter County, Marion County, and portions of The Villages that are in the City of Fruitland Park and City of Wildwood.

The Villages continues to be developed by the developer, a family-owned business established for the single purpose of developing The Villages. Today, The Villages spans approximately 50 square miles across the borders of Lake, Sumter and Marion Counties, the City of Wildwood, the City of Fruitland Park and the Town of Lady Lake, Florida, with a population of approximately 130,000. When fully developed The Villages is expected to span 86 square miles and include approximately 136,000 residences and a population of 267,000. Development is currently underway in the south end of The Villages in Districts 13.

The financial statements of the District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. As defined by GASB, the financial reporting entity is required to include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, on the other hand, are reported in a separate column in the statement of net position to emphasize they are legally separate from the government.

There are no component units that are legally separate from the District. There are sixteen Community Development Districts in the total structure of The Villages, each being a separate government entity established pursuant to Chapter 190, Florida Statutes.

The following is a listing of these Community Development Districts:

- Village Center Community Development District provides water and sewer utility services, recreation facilities and services, security, fire protection, emergency medical first response (non-transport) and executive golf services to the residents. The cost of operations is funded by amenity and utility fees

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

that residents pay monthly. This District also provides for the maintenance of common areas and roadways for the commercial areas within the District boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments. Lastly, the District provides administrative services, including human resources, payroll, accounting, property management, recreation leadership and community standard services to the Community Development Districts.

- Sumter Landing Community Development District provides recreation facilities and services, security, fire protection, emergency medical first response (non-transport) and executive golf services to the residents. The cost of operations is funded by amenity fees that residents pay monthly. This District also provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries in Sumter County. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments
- Brownwood Community Development District provides the maintenance of common areas and roadways for the commercial areas within the District boundaries in Sumter County. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments as the new downtown area builds out.
- The Village Community Development District No. 1 boundary consists of approximately 993 acres in Sumter County. The development included construction of 3,420 residential units.
- The Village Community Development District No. 2 boundary consists of approximately 990 acres in Sumter County. The development included construction of 3,668 residential units.
- The Village Community Development District No. 3 boundary consists of approximately 894 acres in Sumter County. The development included construction of 3,762 residential units.
- The Village Community Development District No. 4 boundary consists of approximately 1,253 acres in Marion County. The development included construction of 5,432 residential units.
- The Village Community Development District No. 5 boundary consists of approximately 1,407 acres in Sumter County. The development included construction of 6,399 residential units.
- The Village Community Development District No. 6 boundary consists of approximately 1,497 acres in Sumter County. The development included construction of 6,697 residential units.
- The Village Community Development District No. 7 boundary consists of approximately 976 acres in Sumter County. The development included construction of 4,765 residential units.
- The Village Community Development District No. 8 boundary consists of approximately 1,098 acres in Sumter County. The development included construction of 5,193 residential units of which 10 are being used as lifestyle preview homes by the Developer.
- The Village Community Development District No. 9 boundary consists of approximately 1,299 acres in Sumter County. The development included construction of 5,409 residential.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

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September 30, 2021

- The Village Community Development District No. 10 boundary consists of approximately 1,489 acres in Sumter County. The development included construction of 6,639 residential units of which 56 are being used as lifestyle preview homes by the Developer.
- The Village Community Development District No. 11 boundary consists of approximately 693 acres within the city limits of Fruitland Park in Lake County. The development included construction of 2,055 residential units.
- The Village Community Development District No. 12 boundary consists of approximately 1,483 acres within the city limits of the City of Wildwood in Sumter County. Planned development includes construction of 6,202 residential units of which 443 remain unsold as of the end of the fiscal year.
- The Village Community Development District No. 13 boundary consists of approximately 2,290 acres within the city limits of the City of Wildwood in Sumter County. Planned development includes construction of 8,082 residential units and construction is currently underway.

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

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

In addition to the above community development districts, there is one additional dependent district in the total structure of Districts:

- Wildwood Utility Dependent District (WUDD) - WUDD is a dependent district of the City of Wildwood. This dependent district provides water and wastewater service to Village properties located south of State Road 44.

Basis of Presentation

The financial statements of the District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Financial Statements: The basic financial statements include fund financial statements. The financial reporting model focus is on the District as a whole, with only two proprietary funds. The statement of net

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

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position reports the proprietary activities of the District (a) on a government-wide basis and (b) on a full accrual basis, using the economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The statement of revenues, expenses and changes in fund net position - proprietary funds, reflects the revenues and expenses of the District.

The District's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets the criteria set forth in GASB Statement 34. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets net of accumulated depreciation less outstanding capital asset related debt.

Restricted net position is assets that have third party (statutory, bond covenant or granting agency) or enabling legislation limits on their use. The District would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted net position represents net position not included in net investment in capital assets or restricted net position.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year in which the related debt is issued and the assessments established.

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

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

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

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

There are no non-major funds within the District.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

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September 30, 2021

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

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

Budgetary Information

The annual budget is formally adopted by the Board of Supervisors. Annual budgets are then approved by the Board of County Commissioners and serves as the legal authorization for expenditures. Legal authority and control are established in accordance with Chapter 189, Florida Statutes. The annual budget, as well as any subsequent amendment, is adopted and approved by the Board of Supervisors. Budgets are adopted on a basis consistent with GAAP. All budget amounts presented in the statements reflect the original budget and the amended final budget.

Assets, Liabilities and Net Position

Cash, Cash Equivalents and Investments The District's considers cash and cash equivalents to be cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investments are recorded at fair value unless the investment qualifies as an external investment pool and follows the guidance in GASB, which allows the investment to be recorded at amortized cost under certain criteria. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The method of measuring the fair value of investments uses the fair value hierarchy as defined by GASB.

Receivables and Payables The accounts receivable of the District are recorded in the government-wide and fund financial statements. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

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

The resolutions authorizing the utility revenue bonds require that the District establish sinking fund and reserve accounts in amounts that equal the Reserve Account Requirements, which are defined in the Bond Trust Indentures. In addition, the utility bond resolution requires that a renewal and replacement reserve be established. The renewal and replacement reserve deposits are maintained as restricted assets until such time

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

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as needed to fund those necessary water and sewer system renewals and replacements. The purchase and sale agreement provides that all utility system development charges remain the property of the seller. These funds are therefore collected directly by the seller.

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

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

Capital Assets Capital assets, which may include property (land), buildings, infrastructure assets (roads, sidewalks, etc.), improvements, equipment, construction in progress and intangible assets, are reported in the government-wide financial statements.

The District has established the threshold for additions to capital assets as an asset with an acquisition cost of \$10,000 or more, and an estimated useful life in excess of one year. This threshold was increased effective October 1, 2018 from a previous threshold of \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The District values and records donated capital assets at the estimated fair value of the item at the date of its donation.

Routine maintenance and repairs to capital assets are not included in the reported value because they do not increase the capacity or extend the useful life of the capital asset.

Depreciation of capital assets is computed using the straight-line method and is recorded in general government expenses in the District's statement of activities. Estimated useful lives of the assets are as follows:

- Improvement other than building and structure 40 years
- Furniture and Equipment 5-10 years

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

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures/expenses during the reporting period. Some of these estimates include assessing the collectability of the receivables, the useful lives of capital assets and the

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

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collectability of the liabilities. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they could ultimately differ from actual results.

Date of Management's Review

Subsequent events were evaluated by management through February 1, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The District maintains an approved Investment Policy and Long-Term Portfolio Investment Policy in compliance with guidelines established by Florida Statutes.

The primary objective of the District's Investment policy is to assure safety and preservation of principal. The objective is to mitigate credit and interest rate risk, maintain the necessary liquidity to match expected liabilities and maximize yield.

The primary objective of the District's Long-term Portfolio Investment policy is to achieve a long-term (five years or longer) level of return commensurate with the contemporary economic conditions and equal to or exceeding the then prevailing investment environment.

Cash and Cash Equivalents: The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent and short-term investments with an original maturity of three months or less.

The District invests its operating cash solely in Qualified Public Depositories that meet the requirements of Chapter 280, Florida Statutes "Florida Security for Public Deposits Act". In addition to protection of up to \$250,000 for its deposits with a single bank as provided by the Federal Deposit Insurance Corporation (FDIC), the District's deposits are provided the extra level of security afforded by using a public depository that meets the requirements of Chapter 280. This includes the provision by the public depository of collateral based on the amount of public deposits maintained at the institution and the ability of the State of Florida to levy other public depositories for shortages in collateral in the event of the failure of a public depository. Citizens First Bank is a Qualified Public Depository.

As of September 30, 2021, the District's Cash and Cash Equivalents consisted of:

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

<u>Cash and Cash Equivalents</u>	<u>Fair Value</u>	<u>Weighted Ave Maturity (Days)</u>	<u>Credit Rating</u>
Citizens First Bank demand deposits	3,051,770	1.0	n/a
Fl Cooperative Liquid Assets Securities System, FLCLASS	20,747,943	47.0	AAAm
Fl Public Assets for Liquidity Management (FL PALM)	8,917,258	53.0	AAAm
US Bank - State Board of Administration, Florida Prime TM	17,532,619	49.0	AAAm
Total Fair Value	<u>\$ 50,249,590</u>		
Portfolio Weighted Average Maturity (WAM)		46.0	

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

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

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

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT
Notes to Financial Statements
September 30, 2021

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

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

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September 30, 2021

As of September 30, 2021, the District's Investments consisted of:

Investments	Fair Value	Weighted Ave Maturity (Years)	Credit Rating
Florida Fixed Income Trust, FLFIT	\$ 3,992,277	0.58	AAAf1/S1
Florida Local Government Investment Trust	5,101,723	2.10	AAAf/S1
Vanguard Short-Term Bond ETF	3,987,535	2.80	Aaa/Aa/A/Baa
PFM Multi-Manager Domestic Equity Fund	2,504,675	n/a	n/a
PFM Multi-Manager International Equity Fund	1,346,652	n/a	n/a
PFM Multi-Manager Fixed Income Fund	1,881,408	8.00	A
Cohen & Steers Inst Realty Shares	94,788	n/a	n/a
Principal Real Estate Securities Inst Fund	96,132	n/a	n/a
SPDR Blmbg Barclays Convert Secs ETF	194,257	n/a	n/a
iShares Preferred&Income Securities ETF	195,370	n/a	n/a
PIMCO Commodity Real Ret Strategy	136,805	n/a	n/a
Cash Equivalents	16,049	n/a	n/a
Total Investments	\$ <u>19,547,671</u>		
Portfolio Weighted Average Maturity (WAM)		2.01	

The District participates in the following external investment pools:

- The State Board of Administration for participation in the Local Government Investment Pool (Florida PRIME™) created by Section 218.415, Florida Statutes is an investment pool that operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PRIME™, a qualified external investment pool, meet the requirements of GASB Statement No. 79 and are reported at amortized cost.
- Florida Public Assets for Liquidity Management (FL PALM) is a fund whose objectives are to provide participants with the highest possible investment yield while it maintains liquidity and preserves capital, and maintains a stable NAV. The fund meets the requirements of GASB Statement No. 79 and is reported at amortized cost.
- The Florida Local Government Investment Trust (the Trust) is administered by a Board of Trustees appointed by the Florida Association of Court Clerks and County Comptroller, and the Florida Association of Counties, Inc. The Trust was created to provide a means for public entities to pool surplus funds to maximize net earnings certificates of deposit. The District's investment in the Trust Short-Term Bond Fund does not meet the requirements of GASB Statement No. 79 and is valued at variable Net Asset Value (NAV), which approximates fair value.
- The Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool designed to provide a safe and competitive investment alternative for

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

Florida governmental entities. FLCLASS does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.

- Florida Fixed Income Trust Enhanced Cash Pool is a Series Trust designed to provide liquid solutions to local governments of Florida. The funds objective is to provide liquidity and preservation of capital while providing current income consistent with low volatility of net asset value. The fund does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.
- The Vanguard Group is an independent investment advisor and large provider of exchange-traded funds (ETFs). The Short-Term Bond ETF Fund objective is to diversify exposure to the short-term investment-grade U.S. bond market, providing current income with high credit quality. The fund does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.

Fair Value Hierarchy. GASB Statement No. 72, Fair Value Measurement and Application, sets forth the framework for measuring fair value. The District's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

The valuation measurement levels are defined below:

- Level 1 inputs are unadjusted price quotations in active markets/exchanges for identical assets or liabilities that a government can access at the measurement date.
- Level 2 inputs are observable inputs including, but not limited to, quoted prices for similar assets or liabilities in active markets, quoted process for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs
- Level 3 inputs are unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

At September 30, 2021, the District’s investments carried the following Fair Value Hierarchy:

	Total	Level 1	Level 2	Level 3
Investment by fair value level:				
PFM Multi-Manager Domestic Equity Fund	\$ 2,504,675	\$ -	\$ 2,504,675	\$ -
PFM Multi-Manager International Equity Fund	1,346,652	-	1,346,652	-
PFM Multi-Manager Fixed Income Fund	1,881,408	-	1,881,408	-
Cohen & Steers Inst Realty Shares	94,788	-	94,788	-
Principal Real Estate Securities Inst Fund	96,132	-	96,132	-
SPDR Blmbg Barclays Convert Secs ETF	194,257	-	194,257	-
iShares Preferred&Income Securities ETF	195,370	-	195,370	-
PIMCO Commodity Real Ret Strategy	136,805	-	136,805	-
	<u>\$ 6,450,087</u>	<u>\$ -</u>	<u>\$ 6,450,087</u>	<u>\$ -</u>

Management of the following investment risks are addressed below:

- Custodial credit risk is the risk that a government will not be able to recover deposits or the value of an investment that’s in the possession of a failed institution or counterparty.
 - The financial institution in which the District places its deposits is certified as a “qualified public depository” as required under the Florida Security for Public Deposits Act. Therefore, the deposits are entirely insured by Federal depository insurance and collateralized pursuant to Chapter 280, Florida Statutes.
 - At September 30, 2021, and consistent with the investment policy, the District’s investments are all registered in the name of the District by a custodian or a trustee for the District.
- Credit risk is the risk of loss from an issuer’s failure to repay principal and/or interest on a debt obligation. To manage this risk, the District’s investment policy identifies and limits investments to only top ratings issued by nationally recognized statistical rating organization.
- Concentration of investment risk is the increasing probability of loss arising from heavily lopsided exposure to an asset class, issuer, structure or maturity. The District’s investment policy stipulates guidelines for diversification of investments by limiting investments to avoid over-concentration in securities from a specific issuer or business sector; limiting investments in securities with higher credit risk; investments in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.
- Interest rate risk is the risk that a security’s value will decrease with a rise in interest rates. To manage interest rate risk, the District maintains a formal investment policy that limits investment maturities not to exceed five (5) years. The District maintains and reports interest rate risk using the Weighted Average Maturity (WAM) method. A weighted average takes into account both the timing and the amounts of the maturities. The District manages its exposure to decline in fair values by limiting the WAM of its investment portfolio to less than three (3) years.
- Foreign currency risk is the risk of loss from a reduction in value affected by changes in the rate of exchange. The District’s investment policies do not allow for direct investments in foreign currency.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

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NOTE 3 –RECEIVABLES AND PAYABLES

Receivables

Accounts Receivable Accounts receivable in the North Sumter Utility, Sumter Sanitation and Central Sumter Utility proprietary funds consist of amounts due for charges for water, sewer and non-potable irrigation water, and amounts owed by sanitation customers for services rendered, net of an allowance for doubtful accounts. For uncollectible accounts receivable, the allowance method is used. Total Accounts Receivable, net of the allowance for doubtful accounts as of September 30, 2021 was \$4,772,000.

The allowance for doubtful accounts totals \$116,000 as of September 30, 2021.

Due from Other Funds The inter-fund balances result from the time lag between the dates that (1) inter-fund goods and services were provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The balance at September 30, 2021 is expected to be received shortly after year-end from available current assets and next year funding.

Due from other Governments The inter-government balances result from the time lag between the dates that (1) inter-government goods and services were provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system and (3) payments between governments are made. The balance at September 30, 2021 is expected to be received shortly after year-end.

Payables

Accounts Payable As of September 30, 2021, a total \$2,132,000 is due to trade vendors in the normal course of business. This balance is expected to be repaid shortly after year-end from available current assets and next year funding.

Due to other Governments The inter-government balances result from the time lag between the dates that (1) inter-government goods and services were provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system and (3) payments between governments are made. The balance at September 30, 2021 is expected to be repaid shortly after year-end from available current assets and next year funding.

Due to Other Funds The inter-fund balances result from the time lag between the dates that (1) inter-fund goods and services were provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The balance at September 30, 2021 is expected to be repaid shortly after year-end from available current assets and next year funding.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Assets not being depreciated:				
Land	\$ 328,568	537,243	-	865,811
Construction in progress	<u>659,868</u>	<u>220,303</u>	<u>(111,659)</u>	<u>768,512</u>
Total assets not being depreciated	<u>988,436</u>	<u>757,546</u>	<u>(111,659)</u>	<u>1,634,323</u>
Assets being depreciated:				
Buildings and structures	15,231,967	996,458	-	16,228,425
Infrastructure	167,916,225	1,036,967	-	168,953,192
Furniture & fixtures	<u>18,032,849</u>	<u>126,517</u>	<u>-</u>	<u>18,159,366</u>
Total assets being depreciated	<u>201,181,041</u>	<u>2,159,942</u>	<u>-</u>	<u>203,340,983</u>
Total assets	<u>202,169,477</u>	<u>2,917,488</u>	<u>(111,659)</u>	<u>204,975,306</u>
Less accumulated depreciation for:				
Buildings and structures	(5,268,813)	(558,510)	-	(5,827,323)
Infrastructure	(30,977,335)	(4,844,763)	-	(35,822,098)
Furniture & fixtures	<u>(12,274,041)</u>	<u>(1,186,925)</u>	<u>-</u>	<u>(13,460,966)</u>
Total accumulated depreciation	<u>(48,520,189)</u>	<u>(6,590,198)</u>	<u>-</u>	<u>(55,110,387)</u>
Total Capital Assets, net	\$ <u>153,649,288</u>	<u>(3,672,710)</u>	<u>(111,659)</u>	<u>149,864,919</u>

The District invested a net \$2,806,000 additional capital improvements to land and infrastructure in the current fiscal year. Depreciation expense of \$6,590,000 was recognized during the year.

NOTE 5 – INTANGIBLE ASSETS

Intangible asset activity for the year ending September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
NSCUDD				
Discounted value purchase	\$ 121,189,622	-	-	121,189,622
Less accumulated amortization	<u>(25,687,550)</u>	<u>-</u>	<u>(3,817,493)</u>	<u>(29,505,043)</u>
Intangible assets, net	\$ <u>95,502,072</u>	<u>-</u>	<u>(3,817,493)</u>	<u>91,684,579</u>

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT
Notes to Financial Statements
September 30, 2021

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following Revenue bonds as of September 30, 2021:

\$123,410,000 Utility Revenue Bonds, Series 2020 due in annual principal installments ranging from \$2,970,000 to \$8,715,000 through October 2043 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rates range is 5.000%.	\$ 123,410,000
\$50,605,000 Senior Utility Revenue Bonds, Series 2012 due in annual principal installments ranging from \$1,050,000 to \$3,225,000 through October 2042 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%.	44,570,000
\$4,000,000 Subordinate Utility Revenue Bonds, Series 2012 due in annual principal installments ranging from \$85,000 to \$255,000 through October 2042 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%.	3,525,000
\$73,200,000 Senior Utility Revenue Bonds, Series 2019 due in annual principal installments ranging from \$95,000 to \$4,530,000 through October 2054 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%.	73,105,000
\$9,490,000 Subordinate Utility Revenue Bonds, Series 2019 due in annual principal installments ranging from \$10,000 to \$585,000 through October 2054 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%.	\$ <u>9,480,000</u>
Total revenue bonds payable	254,090,000
Plus unamortized bond premium	42,351,455
Less unamortized bond discount	(4,438)
Less current installment of revenue bonds payable	<u>(4,445,000)</u>
Revenue bonds payable less current installments	\$ <u><u>291,992,017</u></u>

The annual requirements to amortize the principal and interest of all revenue bonds payable as of September 30, 2021, are as follows:

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT
Notes to Financial Statements
September 30, 2021

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2022	4,445,000	12,624,625	17,069,625
2023	4,775,000	12,395,625	17,170,625
2024	5,120,000	12,149,875	17,269,875
2025	5,490,000	11,886,375	17,376,375
2026	5,875,000	11,604,125	17,479,125
2027-2031	35,950,000	53,055,625	89,005,625
2032-2036	47,260,000	42,713,375	89,973,375
2037-2041	60,310,000	29,407,500	89,717,500
2042-2046	46,700,000	13,910,625	60,610,625
2047-2051	19,120,000	7,244,250	26,364,250
2052-2053	19,045,000	1,962,375	21,007,375
Total	<u>\$ 254,090,000</u>	<u>208,954,375</u>	<u>463,044,375</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Bonds payable					
Senior bonds	\$ 242,285,000	-	1,200,000	241,085,000	4,330,000
Subordinate bonds	13,100,000	-	95,000	13,005,000	115,000
Plus unamortized bond premium	44,013,290	-	1,661,836	42,351,455	-
Less unamortized bond discount	(4,649)	-	(211)	(4,438)	-
Total bonds payable	<u>299,393,641</u>	<u>-</u>	<u>2,956,625</u>	<u>296,437,017</u>	<u>4,445,000</u>
Due to developer	<u>276,213</u>	<u>-</u>	<u>276,213</u>	<u>-</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>299,669,854</u>	<u>-</u>	<u>3,232,838</u>	<u>296,437,017</u>	<u>4,445,000</u>
Total debt	<u>\$ 299,669,854</u>	<u>-</u>	<u>3,232,838</u>	<u>296,437,017</u>	<u>4,445,000</u>

On July 7, 2021, the District entered into a Forward Delivery Bond Purchase Agreement with Morgan Stanley to issue \$38,425,000 aggregate principal amount of Solid Waste Revenue (SSF) Refunding Revenue Bonds, Series 2022, proceeds of which to be used to refund SSF's outstanding Solid Waste Revenue Bonds, Series 2012 and the outstanding Subordinate Utility Revenue Bonds, Series 2012 in the amount of \$45,845,000. The settlement date of this issuance will occur on July 7, 2022 and will carry an interest rate ranging between 3.00% and 4.00%, with a net present value savings estimated to be \$10,995,000 over the life of the bonds.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

Debt Covenants and Pledged Revenues

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

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

The District has pledged certain water, sewer and non-potable irrigation water revenue to pay the principal and interest on Utility Revenue Bonds Series 2020 to pay for the purchase of water, sewer and irrigation utility facilities. In addition, the District has pledged certain residential and commercial solid waste collection fee revenue to pay the principal and interest on the Solid Waste Revenue Bonds Series 2012. Lastly, the District has pledged certain non-potable water revenue to pay the principal and interest on Utility Revenue Senior and Subordinate Bonds Series 2019 to pay for the purchase of water, sewer and irrigation utility facilities. These Utility and Solid Waste Revenue Bonds were outstanding on September 30, 2021, as shown below. The table reports the revenues pledged for each debt issue, the amounts of revenue received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds as of September 30, 2021.

Description of Debt	Pledged Revenue	Revenue Received	Principal and Interest Paid	Estimated Percent Pledged	Outstanding Principal and Interest	Pledged Through
Utility Revenue Bonds, Senior	Water, Sewer, & Irrigation	7,804,638	1,922,625	24.63%	155,191,375	2055
Utility Revenue Bonds, Subordinate	Water, Sewer, & Irrigation	5,882,013	247,000	4.20%	20,113,250	2055
Utility Revenue Bonds	Water, Sewer, & Irrigation	23,198,657	4,507,893	19.43%	207,358,000	2044
Sanitation Rev Bonds, Senior	Sanitation	15,513,872	3,388,750	21.84%	74,490,750	2043
Sanitation Rev Bonds, Subordinate	Sanitation	12,125,122	265,500	2.19%	5,891,000	2043

NOTE 7 – RELATED PARTIES

The District entered into an interlocal agreement with Sumter Landing Community Development District (SLCDD) for management services. SLCDD, in turn, obtains its management services from Village Center Community Development District (VCCDD) through an interlocal agreement. Under the agreement, fees accrued to VCCDD by the District for such services totaled \$1,275,000 for the year ended September 30, 2021.

The District paid Villages Technology Solutions Group, a technology company owned by The Villages, a total \$166,000 for technology services and The Villages of Lake-Sumter \$367,000 for amenity futures in FY 2021. The District paid The Daily Sun, a newspaper owned by The Villages, a total \$90 for certain legal advertisements, The Villages of Lake-Sumter \$40 for administrative services and The Village Marketing \$2,200 for certain marketing services in FY 2021.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE 8 – RISK MANAGEMENT

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

NOTE 9 – SUBSEQUENT EVENTS

On October 12, 2021, North Sumter County Utility Dependent District issued \$83,760,000 in Utility Revenue Bonds, Series 2021 and \$7,275,000 in Subordinate Utility Revenue Bonds, Series 2021, with a premium of \$21,916,000 for the purpose of closing on a transaction to purchase the Central Sumter Utility Irrigation System for \$102,906,000. The District purchased the rights to provide non-potable irrigation and fire protection water services to a portion of The Villages located within the unincorporated region of Sumter County, the City of Wildwood and the City of Fruitland Park lying between CR 466A and SR 44.

The Irrigation System currently serves 13,859 age-restricted residential dwelling units, 530 general commercial connections, 54 bulk commercial connections, 49 fire protection service connections and six golf courses. An additional 9 general commercial connections to the Irrigation System is anticipated to occur upon build out of commercial use in the Service Area, which is expected to occur in 2023, although there is no assurance that the additional general commercial connections will connect to the System in such number or within such time frame.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of North Sumter County Utility Dependent District (the District) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 1, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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North Sumter County Utility Dependent District
The Villages, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



February 1, 2022
Ocala, Florida

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of North Sumter County Utility Dependent District (the District) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 1, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements (see Note 1 of the District's September 30, 2021, basic financial statements for this information). There are no component units related to the entity.

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North Sumter County Utility Dependent District
The Villages, Florida

MANAGEMENT LETTER

Financial Condition and Management

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

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

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

Special Districts

For information required by the *Rules of the Auditor General* Chapter 10.554(1)(i)6 through 8, please see attached information provided by management that is unaudited and, accordingly, we do not express an opinion or provide any assurance on that information.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



February 1, 2022
Ocala, Florida

**North Sumter County Utility Dependent District
Attachment to the Management Letter
For the Year Ending September 30, 2021**

Rules of the Auditor General Chapter 10.554(1)(i)6 through 8 Requirements:

Specific Information (For a dependent special district or an independent special district, or a local government entity that includes the information of a dependent special district)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the (name of district) reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as _____. *N/A*
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as _____. *N/A*
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as _____. *N/A*
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as _____. *N/A*
- e. 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 of the fiscal year being reported, together with the total expenditures for such project as _____ **SEE ATTACHED** _____ (provide list).
- f. 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, as _____. *N/A*

Note: If the required information for a dependent special district is fulfilled by inclusion in the primary local government's audit report, a statement to that effect should be made in the dependent

Specific Information (For an independent special district that imposes ad valorem taxes) *Not Applicable*

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the (name of district) reported:

- a. The mileage rate or rates imposed by the district as ___N/A___.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as ___N/A___.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as ___N/A___.

Specific Information (For an independent special district that imposes non-ad valorem special assessments) *Not Applicable*

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the (name of district) reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as ___N/A___.
- b. The total amount of special assessments collected by or on behalf of the district as ___N/A___.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as ___N/A___.

FY 2021-22

Capital Expenditure Summary > \$65,000

		FY20/21
		Budget
Location	Description	Amended
NSU Potable/Wastewater	Programmable Logic Computer Program	\$ 200,000
General - Water	Valve Replacement Program	102,000
VWCA System	Valve Replacement Program	102,000
NSU WWTP Plant Site	Parking Lot - Design and Construction	150,000
NSU WWTP	Odor Control Mechanical Rehab	120,000
NSU WWTP	Aerator Gear Box	75,000
NSU WWTP	Sludge Holding Improvements	300,000
NSU WWTP	Belt Filter Press Rehabilitation	330,000
NSU WWTP	Belt Filter Press Conveyor Rehabilitation	110,000
VWCA Station 1	Sta 1 Metal Skid Beams - Coat/Repair	115,000
VWCA Station 2	Sta 2 Metal Skid Beams - Coat/Repair	115,000
	NSU Total	\$ 1,719,000
SWCA Utility (All 8 Stations)	Motorized Actuators for Sluice Gate Gearboxes	\$ 120,000
Wastewater Plant	Rollers and Conveyor Partial Rebuild	137,500
Wastewater Plant	Conveyor Rebuild	110,000
	CSU Total	\$ 367,500

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE SECTION 218.415 - INVESTMENT OF PUBLIC FUNDS

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

We have examined North Sumter County Utility Dependent District's (the District) compliance with Section 218.415, Florida Statutes, with regards to the District's investments during the fiscal year ended September 30, 2021. District management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

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



February 1, 2022
Ocala, Florida

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