

**TOLOMATO  
COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2021**

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Tolomato Community Development District  
St. Johns and Duval Counties, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Tolomato Community Development District, St. Johns and Duval Counties, Florida ("District") as of and for the fiscal 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.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position thereof for the fiscal 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 and budgetary comparison information 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) is not a required part of the basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 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, 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 effectiveness of the District's 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.



March 30, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Tolomato Community Development District, St. Johns and Duval Counties, Florida, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$238,419,557).
- The change in the District's total net position in comparison with the prior fiscal year was \$23,043,102, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2021, the District's governmental funds reported combined ending fund balances of \$14,654,090, a decrease of (\$8,043,995) in comparison with the prior fiscal year. A portion of the fund balance is non-spendable for prepaid and deposit items, restricted for debt service and capital projects, assigned to maintenance reserves and landscaping reserves, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

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

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment. The District does not have any business-type activities. The governmental activities of the District include the general government (management), maintenance, roadways, environmental, and recreational functions.

#### Fund Financial Statements

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

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered major funds.

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

### 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.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2021	2020
Current and other assets	\$ 16,095,241	\$ 24,818,887
Capital assets, net of depreciation	81,560,385	47,632,833
Total assets	97,655,626	72,451,720
Current liabilities	43,656,426	39,732,510
Long-term liabilities	292,418,757	294,181,869
Total liabilities	336,075,183	333,914,379
Net position		
Net investment in capital assets	(210,858,372)	(246,549,036)
Restricted	10,067,767	18,548,888
Unrestricted	(37,628,952)	(33,462,511)
Total net position	\$ (238,419,557)	\$ (261,462,659)

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

The District's net position increased during the most recent fiscal year. The majority of the increase is attributed to land donations from the Master Developer.

Key elements of the change in net assets are reflected in the following table:

	CHANGES IN NET POSITION	
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2021	2020
Revenues:		
Program revenues		
Charges for services	\$ 19,622,314	\$ 19,355,189
Operating grants and contributions	2,687	89,135
Capital grants and contributions	37,013,650	15,545,595
General revenues		
Unrestricted investment earnings	7,858	57,188
Miscellaneous	72,600	68,940
Total revenues	<u>56,719,109</u>	<u>35,116,047</u>
Expenses:		
General government	995,957	816,281
Maintenance and operations	2,815,462	2,633,511
Roadways	8,980,140	16,138,022
Environmental	50,300	49,800
Facility rental	26,374	18,527
Recreation	5,764,685	4,990,197
Interest	15,043,089	15,099,720
Total expenses	<u>33,676,007</u>	<u>39,746,058</u>
Change in net position	<u>23,043,102</u>	<u>(4,630,011)</u>
Net position - beginning	<u>(261,462,659)</u>	<u>(256,832,648)</u>
Net position - ending	<u>\$ (238,419,557)</u>	<u>\$ (261,462,659)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2021 was \$33,676,007. The costs of the District's activities were primarily funded by program revenues. Program revenues are comprised primarily of assessments. The remainder of the current fiscal year revenue includes impact fees, interest revenue, Developer contributions, recreation fees and charges and miscellaneous income. The majority of the increase in program revenues is the result of land donations from the Master Developer. The majority of the change in expenses results from the decrease in conveyance of completed roads infrastructure to other entities.

## GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2021, the District had \$98,956,751 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$17,396,366 has been taken, which resulted in a net book value of \$81,560,385. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2021, the District had \$301,180,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

For the subsequent fiscal year, the District anticipates that the cost of general operations will remain fairly constant.

Subsequent to fiscal year end, the District issued \$63,450,000 of Series 2022 Bonds, consisting of multiple term bonds with due dates ranging from May 1, 2027 to May 1, 2050 and fixed interest rates ranging from 2.875% to 4.00%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District and to refinance a portion of the 2015-1 and all of the 2012A-4 outstanding bonds.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Tolomato Community Development District's Finance Department at 245 Nocatee Center Way, Ponte Vedra, Florida, 32081.



**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 347,888
Investments	4,388,867
Assessments receivable	132,734
Inventory	39,910
Prepaid and deposit items	323,643
Restricted assets:	
Investments	10,862,199
Capital assets:	
Nondepreciable	36,110,170
Depreciable, net	45,450,215
Total assets	97,655,626
 <b>LIABILITIES</b>	
Accounts payable	359,974
Contracts and retainage payable	149,200
Unearned revenue	117,070
Deposits	114,000
Due to Developer	700,907
Accrued interest payable	42,089,143
Non-current liabilities:	
Compensated absences	126,132
Due within one year	19,715,000
Due in more than one year	272,703,757
Total liabilities	336,075,183
 <b>NET POSITION</b>	
Net investment in capital assets	(210,858,372)
Restricted for debt service	7,959,047
Restricted for capital projects	2,108,720
Unrestricted	(37,628,952)
Total net position	\$ (238,419,557)

See notes to the financial statements

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 995,957	\$ 995,957	-	-	-
Maintenance and operations	2,815,462	1,372,207	-	-	(1,443,255)
Roadways	8,980,140	4,376,763	-	2,981,497	(1,621,880)
Environmental	50,300	24,515	-	-	(25,785)
Facility rental	26,374	230,171	-	-	203,797
Recreation	5,764,685	1,376,638	-	34,032,153	29,644,106
Interest on long-term debt	15,043,089	11,246,063	2,687	-	(3,794,339)
Total governmental activities	33,676,007	19,622,314	2,687	37,013,650	22,962,644
General revenues:					
Unrestricted investment earnings					7,858
Miscellaneous					72,600
Total general revenues					80,458
Change in net position					23,043,102
Net position - beginning					(261,462,659)
Net position - ending					\$ (238,419,557)

See notes to the financial statements

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>ASSETS</b>				
Cash and cash equivalent	\$ 342,968	\$ -	\$ 4,920	\$ 347,888
Investments	4,388,867	7,874,045	2,988,154	15,251,066
Assessments receivable	47,732	85,002	-	132,734
Inventory	39,910	-	-	39,910
Due from other funds	34,247	-	-	34,247
Prepaid and deposit items	323,643	-	-	323,643
Total assets	<u>\$ 5,177,367</u>	<u>\$ 7,959,047</u>	<u>\$ 2,993,074</u>	<u>\$ 16,129,488</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 359,974	\$ -	\$ -	\$ 359,974
Unearned revenue	117,070	-	-	117,070
Deposits	114,000	-	-	114,000
Contracts and retainage payable	-	-	149,200	149,200
Due to other funds	-	-	34,247	34,247
Due to Developer	-	-	700,907	700,907
Total liabilities	<u>591,044</u>	<u>-</u>	<u>884,354</u>	<u>1,475,398</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid and deposit items	323,643	-	-	323,643
<b>Restricted for:</b>				
Debt service	-	7,959,047	-	7,959,047
Capital projects	-	-	2,108,720	2,108,720
<b>Assigned to:</b>				
Maintenance reserves	720,697	-	-	720,697
Landscaping reserves	85,000	-	-	85,000
Unassigned	3,456,983	-	-	3,456,983
Total fund balances	<u>4,586,323</u>	<u>7,959,047</u>	<u>2,108,720</u>	<u>14,654,090</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 5,177,367</u></u>	<u><u>\$ 7,959,047</u></u>	<u><u>\$ 2,993,074</u></u>	<u><u>\$ 16,129,488</u></u>

See notes to the financial statements

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

Total fund balances - governmental funds \$ 14,654,090

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	98,956,751	
Accumulated depreciation	<u>(17,396,366)</u>	81,560,385

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Compensated absences	(126,132)	
Accrued interest payable	(42,089,143)	
Bonds payable	<u>(292,418,757)</u>	<u>(334,634,032)</u>
Net position of governmental activities		<u>\$ (238,419,557)</u>

See notes to the financial statements

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>REVENUES</b>				
Assessments	\$ 6,769,442	\$ 11,246,063	\$ -	\$ 18,015,505
Interest	7,858	2,687	2,079	12,624
Impact fees	-	-	2,979,418	2,979,418
Cost-sharing revenues	72,600	-	-	72,600
Rental revenue	230,171	-	-	230,171
Recreation fees and charges	1,376,638	-	-	1,376,638
Total revenues	<u>8,456,709</u>	<u>11,248,750</u>	<u>2,981,497</u>	<u>22,686,956</u>
<b>EXPENDITURES</b>				
Current:				
General government	995,957	-	-	995,957
Maintenance and operations	2,769,092	-	-	2,769,092
Roadways	841,726	-	-	841,726
Environmental	50,300	-	-	50,300
Facility rental	26,374	-	-	26,374
Recreation	3,130,420	-	-	3,130,420
Debt service:				
Principal	-	7,350,000	-	7,350,000
Interest	-	4,876,332	-	4,876,332
Capital outlay	205,714	-	10,485,036	10,690,750
Total expenditures	<u>8,019,583</u>	<u>12,226,332</u>	<u>10,485,036</u>	<u>30,730,951</u>
Excess (deficiency) of revenues over (under) expenditures	437,126	(977,582)	(7,503,539)	(8,043,995)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in (out)	-	125	(125)	-
Total other financing sources (uses)	<u>-</u>	<u>125</u>	<u>(125)</u>	<u>-</u>
Net change in fund balances	437,126	(977,457)	(7,503,664)	(8,043,995)
Fund balances - beginning	<u>4,149,197</u>	<u>8,936,504</u>	<u>9,612,384</u>	<u>22,698,085</u>
Fund balances - ending	<u>\$ 4,586,323</u>	<u>\$ 7,959,047</u>	<u>\$ 2,108,720</u>	<u>\$ 14,654,090</u>

See notes to the financial statements

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances - total governmental funds	\$ (8,043,995)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	10,627,070
Conveyances of infrastructure improvements to other governments of previously capitalized capital assets is recorded as an expense in the statement of activities.	(8,074,734)
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(2,656,937)
Expenditures related to debt service payments are recognized when paid while the amounts reduce the long term debt on the government wide financial statements.	7,350,000
The statement of activities reports noncash contributions as revenues, but these revenues are not reported in the governmental fund financial statements.	34,032,153
Amortization of Bond discounts/premiums is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(135,343)
Accreted interest on long-term liabilities is recorded in the statement of activities but not in the fund financial statements.	(5,451,545)
The interest portion of the Participation Amount is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(4,930,677)
The change in compensated absences between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.	(23,698)
The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements.	350,808
Change in net position of governmental activities	\$ 23,043,102

See notes to the financial statements

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

Tolomato Community Development District ("District") was established pursuant to Rule 42SS-1, Florida Administrative Code, adopted by the Florida Land and Water Adjudicatory Commission effective July 29, 2004. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue Bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the registered voters within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. SONOC Company, LLC ("Master Developer") is the master developer in the Nocatee DRI and is the landowner of substantially all of the lands in the Development, other than lands that it has sold or donated. The Master Developer has retained Nocatee Development Company ("NDC") to provide comprehensive management of the development. NDC's shareholders are also principals in The PARC Group, Inc. ("PARC"), a real estate development company in Northeast Florida. The Chairman of the Board of Supervisors of the District is a shareholder of NDC.

The Board has the responsibility for:

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

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

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

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Government-Wide and Fund Financial Statements (Continued)**

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

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

### **Assessments**

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

### **General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### **Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

### **Capital Projects Fund**

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.



## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

### **Assets, Liabilities and Net Position or Equity**

#### Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

#### Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Maintenance facilities	10
Recreational facilities	20
Furniture and equipment	5

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

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes 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.

In addition to liabilities, the statement of financial position will sometimes 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 that time.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **Other Disclosures**

#### Use of Estimates

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

### NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

### NOTE 4 – DEPOSITS AND INVESTMENTS

#### Deposits

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

#### Investments

The District's investments were held as follows at September 30, 2021:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
First American Government Obligations Fund - Class Z	\$ 7,105,793	S&P AAAM	Weighted average of the fund portfolio: 14 days
First American Treasury Obligations Fund - Class Z	3,833,012	S&P AAAM	Weighted average of the fund portfolio: 13 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	4,312,261	S&P AAAM	Weighted average of the fund portfolio: 49 days
	<u>\$ 15,251,066</u>		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

*Fair Value Measurement* – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

## NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

### Investments (Continued)

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

*External Investment Pool* – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

## NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2021 were as follows:

Fund	Receivable	Payable
General	\$ 34,247	\$ -
Capital projects	-	34,247
Total	<u>\$ 34,247</u>	<u>\$ 34,247</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the capital projects fund relate to project expenditures initially covered by the general fund that are to be reimbursed by the capital project fund.

## NOTE 6 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land & land improvements	\$ 6,974,510	\$ 37,006,128	\$ (8,074,734)	\$ 35,905,904
Infrastructure in progress	569,112	7,511,062	(7,875,908)	204,266
Total capital assets, not being depreciated	7,543,622	44,517,190	(15,950,642)	36,110,170
Capital assets, being depreciated				
Maintenance facilities	226,723	224,501	-	451,224
Recreational facilities	52,562,181	7,651,407	-	60,213,588
Furniture and equipment	2,039,736	142,033	-	2,181,769
Total capital assets, being depreciated	54,828,640	8,017,941	-	62,846,581
Less accumulated depreciation for:				
Maintenance facilities	169,777	22,672	-	192,449
Recreational facilities	12,529,916	2,628,109	-	15,158,025
Furniture and equipment	2,039,736	6,156	-	2,045,892
Total accumulated depreciation	14,739,429	2,656,937	-	17,396,366
Total capital assets, being depreciated, net	40,089,211	5,361,004	-	45,450,215
Governmental activities capital assets	\$ 47,632,833	\$ 49,878,194	\$ (15,950,642)	\$ 81,560,385

### Infrastructure improvements

The total projected cost of the District's infrastructure improvements has been estimated at a total cost of \$517 million. Certain improvements, such as roadways and parks, have been conveyed to other governmental entities, and more will be conveyed upon completion of the project. Funding for the District's infrastructure has primarily been provided by the Series 2006, 2007, and 2007A Bonds. The portions of the project not financed through these bonds are expected to be financed by the Master Developer or with future bond proceeds.

During prior and current fiscal years, the Master Developer has donated land to the District to be used for recreational and entertainment purposes, ponds, and various right-of-ways. The land may not be used for any other purpose without the prior written consent of the Master Developer.

The District has an agreement with the County for road impact fees. Under the terms of the agreement, the District collects road impact fees and will provide the County with an annual list of fees.

### Construction Funding Agreements

During a prior fiscal year, the District and the Master Developer entered into a Construction Funding and Deferred Costs Agreements whereby the Master Developer agreed to fund the construction of certain amenity center projects and the Master Developer has agreed to convey and transfer certain Parks to the District. In return, the District has agreed to provide reimbursement to the Master Developer of Master Developer's costs and expenses of developing and constructing the Parks. To the extent that the funding of the Project qualifies for reimbursement by the District to the Master Developer as deferred cost as defined in any Supplemental Trust Indenture, the District and the Master Developer reserve the right to reimburse the funding provided for with funds available and permitted to be used for such purpose whether such funds are presently available or become available in the future. During the current fiscal year, the District acquired infrastructure improvements from the Master Developer at a cost of \$700,907. The amount is owed to the Developer as of September 30, 2021.

## NOTE 6 - CAPITAL ASSETS (Continued)

### Construction Funding Agreements (Continued)

Additionally, in the current fiscal year, the District and the Master Developer entered into another construction funding agreement whereby the Master Developer agreed to provide a maximum of \$375,000 to the District for the preliminary works for a water main loop. The District agreed to repay the Master Developer either in the form of (as elected by the Master Developer from time to time) (i) a cash reimbursement; or (ii) an assignment of impact fees credits. No transaction occurred under this agreement during the current fiscal year.

### Impact Fee Credits Purchase Agreements

In connection with the construction of certain roads, the District was granted approximately \$78.6 million in Road Impact Fee Credits under the Impact Fee Credit Agreement between the District and St. Johns County, Florida. The District wishes to proceed with the construction of certain roads (the "Projects"), which are major roadways that are necessary for the continued growth of the development within the District. In order to allow the District to proceed with the Projects, in the 2016 fiscal year, the Master Developer has agreed to purchase from the District Road Impact Fee Credits (the "Purchased Credits"). In exchange for the purchase of the Purchased Credits by the Master Developer, the District agreed to remit all impact fees collected first to the Master Developer until the Master Developer has recovered the dollar value of the Purchased Credits. The District and the Developer have entered into various other Impact Fee Credit Purchase Agreements whereby the District agreed to assign to the Developer Road Impact Fee Credits in order for the District to proceed with the construction of various landscape, hardscape improvements, and other infrastructure improvements. In accordance with this agreement, all revenue from impact fee purchases will be first paid to the Developer until the Developer has recovered the total amount spent on the improvements. During the current fiscal year, the Master Developer purchased or was assigned a total of \$2,979,418 of impact fee credits.

Depreciation expense was charged to function/programs as follows:

Maintenance and operations	\$ 22,672
Recreation	2,634,265
Total depreciation expense	<u>\$ 2,656,937</u>

## NOTE 7 - LONG TERM LIABILITIES

### Series 2007

On October 1, 2007, the District issued \$167,185,000 of Capital Improvement Revenue Bonds, Series 2007 consisting of \$15,930,000 term bonds due May 1, 2017 with a fixed interest rate of 6.375%, \$20,670,000 term bonds due May 1, 2023 with a fixed interest rate of 6.45%, \$190,000,000 term bonds due May 1, 2027 with a fixed interest rate of 6.55%, and \$111,585,000 term bonds due May 1, 2040 with a fixed interest rate of 6.65%. The Series 2007 bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was to be paid semiannually on each May 1 and November 1. Principal on the Bonds was to be paid serially commencing May 1, 2011 through May 1, 2040. The Bonds have been restructured as described below.

### Series 2007A

On March 2, 2010, the District merged with Split Pine Community Development District ("Split Pine") and consequently assumed Split Pine's \$32,885,000 Special Assessment Bonds, Series 2007A (the "Series 2007A Bonds") with a fixed interest rate of 5.25% due on May 1, 2039. The Series 2007A Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of Split Pine. Interest was to be paid semiannually on each May 1 and November 1. Principal on the Bonds was to be paid serially commencing May 1, 2008 through May 1, 2039. The Bonds have been restructured as described below.

## NOTE 7 - LONG TERM LIABILITIES (Continued)

### **Series 2012A Bonds**

During prior fiscal years, the Master Developer and its affiliate failed to make payment of the special assessments which secured the Series 2007 and Series 2007A Bonds. As a result, certain scheduled debt service payments due in those fiscal years were not made. In order to avoid foreclosure and to accommodate the slower than anticipated development and sale of the lands in the Development encumbered by the Bonds and owned by the Master Developer, the District negotiated a restructuring of the Series 2007 and Series 2007A Bonds. As such, on August 23, 2012, with the consent of 100% of the Bondholders, the District issued \$73,528,312 of Special Assessments Refunding Bonds, Series 2012 in exchange of \$64,370,000 and \$9,160,000 of the Series 2007 and Series 2007A bonds, respectively. The Series 2012A-1, 2012A-2 and 2012A-3 were refunded during a prior fiscal year. Therefore only the 2012A-4 convertible capital appreciations bonds remain as follows:

<b>Series</b>	<b>Initial Amount</b>	<b>Maturity Amount</b>	<b>Interest Rate</b>	<b>Conversion Date</b>	<b>Principal Payments Commencing</b>	<b>Interest Payments Commencing</b>	<b>Maturity Date</b>
2012A-4	8,440,759	15,850,000	6.61%	5/1/2022	5/1/2023	11/1/2022	5/1/2040

For the Series 2012A-4 (the “Convertible Capital Appreciation Bonds”), interest accretes to the bond principal through the conversion date; no payments are due from landowners until then. Subsequent to the conversion date, the Bonds will be at full value and periodic principal and interest payments will begin according to the schedule above.

The Series 2012A-4 Bonds are subject to redemption at the option of the District prior to their maturity in the manner described in the Bond Indenture. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Indenture if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2021.

### **Bifurcated Bonds**

Also in August 2012, the District bifurcated \$22,660,000 of its Series 2007A bonds which were not exchanged for Series 2012 Bonds into \$7,115,000 Special Assessment Bonds, Series 2007A-1 and \$15,545,000 Special Assessments Bonds, Series 2007A-2, (Together with the Series 2007A-1, “The Bifurcated Bonds”). The Bifurcated bonds are due on May 1, 2039 with a fixed interest rate of 5.25%. Principal on the Bonds is to be paid serially commencing May 1, 2013 through May 1, 2039. The Series 2007A-1 Bonds were refunded with the issuance of the Series 2019B Bonds.

The Series 2007A-2 Bonds are subordinate to the Series 2007A-1 Bonds and are payable from revenues as described in the Restructuring Agreement (“Agreement”). The Agreement requires that the operating and maintenance assessments be paid by the landowners. Also according to the Agreement, payments toward the Series 2007A-2 bonds, if any, are derived from cash proceeds from the sale by the Master Developer of any undeveloped land or finished lots comprising part of the restructured parcels. Cash proceeds are first used for recovery of development and other costs incurred by the Master Developer, plus interest. Any remaining cash proceeds are split between the Master Developer and the Bondholders for interest and principal payments. Once all land under this Agreement is sold, any remaining balance of the Series 2007A-2 bonds will be forgiven. No net cash proceeds from the sale of undeveloped land and finished lots were available in the current fiscal year as there are still outstanding Master Developer costs and interest. As a result, no payments were made on the Series 2007A-2 Bonds. The amounts have not been recorded at the fund level but the accrued interest has been recorded at the government wide level. The non-payment is not considered an event of default.



## **NOTE 7 - LONG TERM LIABILITIES (Continued)**

The Series 2007A-2 Bonds are subject to redemption at the option of the District prior to their maturity in the manner described in the Bond Indenture. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Indenture if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2021, except for the items shown below under bond compliance.

### **Trifurcated Bonds**

Furthermore, In August 2012 the District also trifurcated \$100,515,000 of its Series 2007 bonds which were not exchanged with Series 2012 Bonds into \$2,545,000 Special Assessments Bonds, Series 2007-1, \$77,555,000 Special Assessments Bonds, Series 2007-2, and \$20,415,000 Special Assessments Bonds, Series 2007-3 (together with the Series 2007-1 and 2007-2, "the Trifurcated Bonds). The Trifurcated Bonds are due on May 1, 2040 with interest rates ranging from 6.375% to 6.650%. The Series 2007-2 were exchanged in a prior fiscal year for the Series 2015 Bonds. The Series 2007-1 were refunded with the issuance of the Series 2019B Bonds.

The Series 2007-2 Bonds encumbered the parcels that were granted forbearance by the Bondholders. The Bondholders agreed to withhold any actions for non-payment through August 16, 2014; No debt service payments had been made on these Bonds since fiscal year 2010. The series 2007-2 were subsequently restructured in a prior fiscal year (See below for more detail).

The Series 2007-3 Bonds are subordinate to the Series 2007-1 Bonds and are payable from revenues as described in the Restructuring Agreement ("Agreement"). The Agreement requires that the operating and maintenance assessments be paid by the landowners. Also per the Agreement, payments toward the Series 2007-3 bonds, if any, are derived from cash proceeds from the sale by the Master Developer of any undeveloped land or finished lots comprising part of the restructured parcels. Cash proceeds are first used for recovery of development and other costs incurred by the Master Developer, plus interest. Any remaining cash proceeds are split between the Master Developer and the Bondholders for interest and principal payments. Once all land under this Agreement is sold, any remaining balance of the Series 2007-3 bonds will be forgiven. No net cash proceeds from the sale of undeveloped land and finished lots were available in the current fiscal year as there are still outstanding Master Developer costs and interest. As a result, no payments were made on the Series 2007-3 Bonds. The amounts have not been recorded at the fund level but the accrued interest has been recorded at the government wide level. The non-payment is not considered an event of default.

The Series 2007-3 Bonds are subject to redemption at the option of the District prior to their maturity in the manner described in the Bond Indenture. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Indenture if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2021, except for the items shown below under bond compliance.

## NOTE 7 - LONG TERM LIABILITIES (Continued)

### Series 2015

In March 2015, the District issued \$77,555,000 Special Assessments Refunding Bonds, Series 2015 in exchange of its outstanding Series 2007-2 Bonds. The Series 2015 Bonds are further comprised of the following term and convertible capital appreciations bonds:

Series	Initial Amount	Maturity Amount	Interest Rate	Conversion Date	Principal Payments Commencing	Interest Payments Commencing	Maturity Date
2015-1	\$ 30,165,277	\$ 48,040,000	6.610%	11/1/2021	5/1/2022	5/1/2022	5/1/2040
2015-2	15,248,334	29,515,000	6.610%	11/1/2024	5/1/2025	5/1/2025	5/1/2040
2015-3	32,140,000	32,140,000	6.610%	N/A	5/1/2015	5/1/2015	5/1/2040

The Series 2015-1 and 2015-2 Bonds are Capital Appreciation Bonds, therefore interest accretes to the bond principals through the conversion date; no payments are due from landowners until then. Subsequent to the conversion date, these Bonds will be at full value and periodic principal and interest payments will begin according to the schedule above.

The Series 2015-3 Bonds are subordinate to the Series 2015-1 and 2015-2 bonds and are payable from revenues as described in the Restructuring Agreement (“Agreement”). The Agreement requires that the operating and maintenance assessments be paid by the landowners. Also per the Agreement, payments toward the Series 2015-3 bonds, if any, are derived from cash proceeds from the sale by the Master Developer of any undeveloped land or finished lots comprising part of the restructured parcels. Cash proceeds are first used for recovery of development and other costs incurred by the Master Developer, plus interest. Any remaining cash proceeds are split between the Master Developer and the Bondholders for interest and principal payments. Once all land under this Agreement is sold, any remaining balance of the Series 2015-3 bonds will be forgiven. No net cash proceeds from the sale of undeveloped land and finished lots were available in the current fiscal year as there are still outstanding Master Developer costs and interest. As a result, no payments were made on the Series 2015-3 Bonds. The amounts have not been recorded at the fund level but the accrued interest has been recorded at the government wide level. The non-payment is not considered an event of default.

The Series 2015 Bonds are subject to redemption at the option of the District prior to their maturity in the manner described in the Bond Indenture. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Indenture if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2021, except for the items shown below under bond compliance.

### Bond compliance

The Bond Indentures established debt service reserve requirements as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. At September 30, 2021, the District was in compliance with the requirements for the bond indentures except for noncompliance related to the reserve requirement for the Series 2007A-2 and 2007-3.

In prior fiscal years, there were significant delinquent assessments, and, as a result, certain scheduled debt service payments due during prior fiscal years were made, in part, by draws on the debt service reserve account. As a result there were combined deficits of approximately \$2,890,000 related to the various debt service reserve requirements.

## NOTE 7 - LONG TERM LIABILITIES (Continued)

### Restructuring Agreements

In connection with the Series 2007-3, 2007A-2, and 2015-3 (together, “The Participation Bonds”), the District, the Master Developer, and the Bondholders (the “Parties”) entered into certain Restructuring Agreements as described above. As of September 30, 2021, the Participation Amounts were comprised of the following:

Bonds	Participation Amount	
	Principal	Interest
Series 2007-3	\$ 3,330,000	\$ 12,426,279
Series 2007A-2	3,230,000	7,753,069
Series 2015-3	4,130,000	18,181,785
Total	<u>\$ 10,690,000</u>	<u>\$ 38,361,133</u>

### Series 2018 Refunding

On March 15, 2018, the District issued a total of \$52,040,000 of Special Assessment Refunding Bonds, Series 2018 which are comprised of the following: 1) \$29,130,000 of the Series 2018A-1 Bonds due on May 1, 2040, 2) \$8,095,000 of the Series 2018A-2 Bonds due on May 1, 2040, 3) \$10,585,000 of the Series 2018B-1 Bonds due on May 1, 2039, and 4) \$4,230,000 of the Series 2018B-2 Bonds due on May 1, 2039. The Bonds are comprised of both serial and term Bonds with interest rates ranging from 2% to 5.625%. The Bonds were issued to refund the District’s outstanding Series 2012A-1 and 2012A-2 Bonds (the “Refunded Bonds”), acquire and construct certain assessable improvements (the “Project”), and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2019 through May 1, 2040.

The Series 2018 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2018 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. In addition, for the Series 2018A-1 and 2018B-1 Bonds, the Bond Indenture provides for a Reserve insurance policy to fund part of the debt service reserve requirements. The District was in compliance with the requirements at September 30, 2021.

### Series 2018 Expansion

On June 27, 2018, the District issued \$1,930,000 of Special Assessment Revenue Bonds, Series 2018 Expansion due May 1, 2048. The Bonds are comprised of multiple term Bonds with interest rates ranging from 3.85% to 5%. The Bonds were issued to acquire and construct certain assessable improvements (the “Project”) and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2019 through May 1, 2048.

The Series 2018 Expansion Bonds are subject to redemption at the option of the District prior to maturity. The Series 2018 Expansion Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2021.

## NOTE 7 - LONG TERM LIABILITIES (Continued)

### Series 2019 Refunding

On June 21, 2019, the District issued a total of \$101,125,000 of Special Assessment Refunding Bonds, Series 2019 which are comprised of the following: 1) \$46,890,000 of the Series 2019A-1 Bonds due on May 1, 2037, 2) \$14,010,000 of the Series 2019A-2 Bonds due on May 1, 2037, 3) \$24,360,000 of the Series 2019B Bonds due on May 1, 2040, and 4) \$15,865,000 of the Series 2019C Bonds due on May 1, 2040. The Bonds are comprised of both serial and term Bonds with interest rates ranging from 2% to 4.4%. The Bonds were issued to refund the District's outstanding Series 2006, 2007-1, 2007A-1, and 2012A-3 Bonds (the "Refunded Bonds"), acquire and construct certain assessable improvements (the "Project"), and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2020 through May 1, 2040.

The Series 2019 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2019 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. During the current fiscal year the District prepaid \$25,000, \$10,000, and \$1,155,000 of the Series 2019A-1, 2019A-2, and 2019C Bonds, respectively. In addition, see Note – 16 Subsequent Events for extraordinary redemption amounts subsequent to fiscal year end.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. In addition, for the Series 2019A-1 and 2019B Bonds, the Bond Indenture provides for a reserve insurance policy to fund part of the debt service reserve requirements. The District was in compliance with the requirements at September 30, 2021.

### Long-term debt transactions

Changes in long-term liability activity for the fiscal year ended September 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2007-3	\$ 20,415,000	\$ -	\$ -	\$ 20,415,000	\$ 3,795,000 *
Series 2007A-2	15,545,000	-	-	15,545,000	3,630,000 *
Series 2012A-4	15,850,000	-	-	15,850,000	-
Plus: Accreted interest	(1,572,694)	961,332	-	(611,362)	-
Less: Series 2007 OID	(574,111)	-	(28,705)	(545,406)	-
Series 2015-1	48,040,000	-	-	48,040,000	1,305,000
Series 2015-2	29,515,000	-	-	29,515,000	-
Series 2015-3	32,140,000	-	-	32,140,000	4,890,000 *
Plus: Accreted interest	(10,122,999)	4,490,213	-	(5,632,786)	-
Series 2018A-1	26,990,000	-	990,000	26,000,000	1,015,000
Series 2018A-2	7,620,000	-	475,000	7,145,000	230,000
Series 2018B-1	9,620,000	-	380,000	9,240,000	390,000
Series 2018B-2	3,985,000	-	130,000	3,855,000	140,000
Less: Series 2018 OID	(1,034,224)	-	(54,433)	(979,791)	-
Series 2018 Expansion	1,870,000	-	35,000	1,835,000	35,000
Series 2019A	58,140,000	-	2,770,000	55,370,000	2,800,000
Series 2019B	23,450,000	-	935,000	22,515,000	950,000
Series 2019C	15,350,000	-	1,635,000	13,715,000	535,000
Less: Series 2019 OID	(1,044,103)	-	(52,205)	(991,898)	-
Compensated absences	102,434	23,698	-	126,132	-
Total	\$ 294,284,303	\$ 5,475,243	\$ 7,214,657	\$ 292,544,889	\$ 19,715,000

\* Include the Participation Amount on the Series 2007-3, 2007A-2, and 2015-3.

## NOTE 7 - LONG TERM LIABILITIES (Continued)

### Long-term debt transactions (Continued)

At September 30, 2021, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2022	\$ 19,715,000	\$ 46,796,748 *	\$ 66,511,748
2023	9,875,000	12,863,619	22,738,619
2024	10,300,000	12,500,361	22,800,361
2025	11,800,000	13,071,706	24,871,706
2026	12,330,000	13,542,454	25,872,454
2027-2031	71,080,000	58,862,633	129,942,633
2032-2036	91,190,000	39,882,384	131,072,384
2037-2041	74,155,000	14,295,905	88,450,905
2042-2046	500,000	136,250	636,250
2047-2048	235,000	17,750	252,750
Total	<u>\$ 301,180,000</u>	<u>\$ 211,969,810</u>	<u>\$ 513,149,810</u>

\* Include the Participation Amount on the Series 2007-3, 2007A-2, and 2015-3. Also, include maturities on the CAB Bonds at fully Accreted Value.

## NOTE 8 – DEVELOPERS’ TRANSACTIONS

The Master Developer owns a significant portion of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Master Developer.

The District has contracted with PARC for construction management services at a cost of \$24,000 per calendar quarter.

See Note 6 – Capital Assets above for additional Master Developer transactions in the prior and current fiscal years.

## NOTE 9 – CONCENTRATION

The District’s activity is dependent upon the continued involvement of the Master Developer, the loss of which could have a material adverse effect on the completion of the District’s Master Infrastructure Plan.

## NOTE 10 – COST-SHARING AGREEMENT

The District has several Cost-Sharing Agreements with certain Homeowner Associations within the District, the Master Developer, and various other landowners.

## NOTE 11 – OPERATING LEASE

The District has entered into a lease transaction with an electric utility which is accounted for as an operating lease. Monthly lease payments of \$8,977 are required through September 2024. Minimum lease payments for years ending after September 30, 2021 are as follows:

Year ending September 30:	Annual Lease Payment
2022	\$ 107,724
2023	107,724
2024	107,724
Total	<u>\$ 323,172</u>

## **NOTE 12 – RETIREMENT PLAN**

The District supports a 457(b) Governmental Plan that covers all eligible employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Participants may contribute a percentage of their annual compensation to the plan not to exceed the limits allowable by the Internal Revenue Service. The District makes matching contributions equal to 100% on the first three percent of the participant's eligible earnings and an additional 50% on the next two percent of the participant's eligible earnings. Matching contributions to the plan during 2020 totaled approximately \$31,960.

## **NOTE 13 – MANAGEMENT COMPANY**

The District has contracted with a management company to perform management advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management and other administrative costs.

## **NOTE 14 – COMMITMENTS AND CONTINGENCIES**

As of September 30, 2021, the District had open contracts for various construction projects. The contracts totaled approximately \$1.45 million, of which approximately \$1.31 million was uncompleted at September 30, 2021.

## **NOTE 15 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

## **NOTE 16 - SUBSEQUENT EVENTS**

### **Bond Payments**

Subsequent to fiscal year end, the District prepaid a total of \$220,000 of the series 2018A bonds, and a total of \$25,000 of the Series 2019A Bonds. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indenture.

### **Bond Issuance and Refinancing**

Subsequent to fiscal year end, the District issued \$63,450,000 of Series 2022 Bonds, consisting of multiple term bonds with due dates ranging from May 1, 2027 to May 1, 2050 and fixed interest rates ranging from 2.875% to 4.00%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District and to refinance a portion of the 2015-1 and all of the 2012A-4 outstanding bonds.

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		
<b>REVENUES</b>			
Assessments	\$ 6,705,403	\$ 6,769,442	\$ 64,039
Interest	62,000	7,858	(54,142)
Miscellaneous	1,026,800	1,211,315	184,515
Total revenues	7,794,203	7,988,615	194,412
<b>EXPENDITURES</b>			
Current:			
General government	983,454	995,957	(12,503)
Maintenance and operations	2,768,463	2,763,886	4,577
Roadways	844,500	841,726	2,774
Environmental	60,500	50,300	10,200
Facility rental	34,200	26,374	7,826
Recreation	2,985,086	2,667,532	317,554
Capital outlay	118,000	205,714	(87,714)
Total expenditures	7,794,203	7,551,489	242,714
Excess (deficiency) of revenues over (under) expenditures	\$ -	437,126	\$ 437,126
Fund balance - beginning		4,149,197	
Fund balance - ending		\$ 4,586,323	

See notes to required supplementary information

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021.



**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
OTHER INFORMATION – DATA ELEMENTS  
REQUIRED BY FL STATUTE 218.39(3)(C)  
UNAUDITED**

Element	Comments																																																								
Number of district employees compensated at 9/30/2021	184																																																								
Number of independent contractors compensated in September 2021	106																																																								
Employee compensation for FYE 9/30/2021 (paid/accrued)	3,182,394.66																																																								
Independent contractor compensation for FYE 9/30/2021	691,822.73																																																								
Construction projects to begin on or after October 1; (>\$65K)	Not applicable																																																								
Series 2019	\$1,482,630																																																								
Budget variance report	See page 29 of annual financial report																																																								
Ad Valorem taxes;	Not applicable																																																								
Millage rate FYE 9/30/2021	Not applicable																																																								
Ad valorem taxes collected FYE 9/30/2021	Not applicable																																																								
Non ad valorem special assessments;																																																									
Special assessment rate FYE 9/30/2021	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Operations and maintenance:</td> <td></td> </tr> <tr> <td>    Single Family 40'</td> <td style="text-align: right;">\$ 544.60</td> </tr> <tr> <td>    Single Family 50'</td> <td style="text-align: right;">\$ 614.92</td> </tr> <tr> <td>    Single Family 60'</td> <td style="text-align: right;">\$ 676.42</td> </tr> <tr> <td>    Single Family 70'</td> <td style="text-align: right;">\$ 737.90</td> </tr> <tr> <td>    Single Family 80'</td> <td style="text-align: right;">\$ 799.39</td> </tr> <tr> <td>    Single Family 90'</td> <td style="text-align: right;">\$ 860.89</td> </tr> <tr> <td>    Single Family 100'</td> <td style="text-align: right;">\$ 922.38</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>    Multifamily Products:</td> <td></td> </tr> <tr> <td>        Townhouses</td> <td style="text-align: right;">\$ 491.94</td> </tr> <tr> <td>        Condos</td> <td style="text-align: right;">\$ 430.44</td> </tr> <tr> <td>        Apartments</td> <td style="text-align: right;">\$ 368.95</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>    Non-Residential Products</td> <td></td> </tr> <tr> <td>        Professional &amp; Corporate Office</td> <td style="text-align: right;">\$ 359.72</td> </tr> <tr> <td>        Commercial/Retail</td> <td style="text-align: right;">\$ 289.01</td> </tr> <tr> <td>        Assisted Living</td> <td style="text-align: right;">\$ 245.97</td> </tr> <tr> <td>        Senior Independent Living</td> <td style="text-align: right;">\$ 276.71</td> </tr> <tr> <td>        Recreation</td> <td style="text-align: right;">\$ 1,106.85</td> </tr> <tr> <td>        Self-Storage</td> <td style="text-align: right;">\$ 92.24</td> </tr> <tr> <td>        Hotel (rooms)</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>        Churches</td> <td style="text-align: right;">\$ 209.08</td> </tr> <tr> <td>        Schools</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>        Club houses</td> <td style="text-align: right;">\$ 574.94</td> </tr> <tr> <td>        Non-MDP Acres</td> <td style="text-align: right;">\$ 276.71</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>    Debt service</td> <td style="text-align: center;">See Below</td> </tr> </table>	Operations and maintenance:		Single Family 40'	\$ 544.60	Single Family 50'	\$ 614.92	Single Family 60'	\$ 676.42	Single Family 70'	\$ 737.90	Single Family 80'	\$ 799.39	Single Family 90'	\$ 860.89	Single Family 100'	\$ 922.38			Multifamily Products:		Townhouses	\$ 491.94	Condos	\$ 430.44	Apartments	\$ 368.95			Non-Residential Products		Professional & Corporate Office	\$ 359.72	Commercial/Retail	\$ 289.01	Assisted Living	\$ 245.97	Senior Independent Living	\$ 276.71	Recreation	\$ 1,106.85	Self-Storage	\$ 92.24	Hotel (rooms)	\$ -	Churches	\$ 209.08	Schools	\$ -	Club houses	\$ 574.94	Non-MDP Acres	\$ 276.71			Debt service	See Below
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Series 2007-3, due May 1, 2040,	see Note 7 for details																																																								
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Series 2012A-4, due May 1, 2040,	see Note 7 for details																																																								
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Series 2018B-1, 2018B-2, due November 1, 2039,	see Note 7 for details																																																								
Series 2018 Expansion, due November 1, 2048,	see Note 7 for details																																																								
Series 2019A, due November 1, 2037,	see Note 7 for details																																																								
Series 2019B, due November 1, 2040,	see Note 7 for details																																																								
Series 2019C, due November 1, 2040,	see Note 7 for details																																																								

(Continued)

**TOLOMATO COMMUNITY DEVELOPMENT DISTRICT  
ST. JOHNS AND DUVAL COUNTIES, FLORIDA  
OTHER INFORMATION – DATA ELEMENTS  
REQUIRED BY FL STATUTE 218.39(3)(C)  
UNAUDITED (Continued)**

<b>Unit/Name</b>	<b>Series 2018</b>	<b>Name</b>	<b>Series 2019</b>
Greenleaf CC, LLC (The Learning Experience)	\$ 1,878.72	Austin Park	\$ 1,125.02
LB Ponte Vedra, LLC (Chase Bank Parcel)	\$ 1,251.39	Coastal Oaks	\$ 1,330.88
Waypoint Church	\$ 1,431.84	Del Webb Ponte Vedra	\$ 1,464.88
NTC-Reg, LLC	\$ 1,887.11	Willowcove	\$ 1,331.96
First Coast Energy	\$ 1,952.59	Tidewater	\$ 1,929.15
Vystar Credit Union	\$ 1,949.06	Twenty Mile	\$ 1,222.50
Radus One, LLC	\$ 231.70	Daniel Park	\$ 1,265.45
Dreamfinders Homes (Willowcove)	\$ 1,650.83	The Palms TH	\$ 1,457.62
Sandy Ridge North Residential	\$ 3,056.24	Timberland Ridge	\$ 1,237.30
TC Development Residential	\$ 2,624.25	The Palms SF	\$ 1,323.84
Town Square Office I	\$ 813.40	Twenty Mile	\$ 1,190.61
Town Square Office II	\$ 813.14	Daniel Park	\$ 1,257.93
TC Park	\$ 1,862.50	Oakwood	\$ 1,440.00
Flagler Health	\$ 881.50	Town Center West Residential	\$ 1,302.62
AEA Ponte Vedra	\$ 1,862.04	Pyrotek	\$ 413.79
Gate Additional Development Rights	\$ 1,878.31	Planet Swim	\$ 1,067.60
Watson Realty	\$ 813.28	Wheelhouse Storage	\$ 831.76
Wen South, LLC	\$ 1,880.59	Starling Assisted Living	\$ 840.13
NTC-Office, LLC (Silverfield)	\$ 827.41	Starling Independent Living	\$ 473.47
NTC Office II	\$ 866.37	Crosswater School	\$ 883.21
Pavillion Health	\$ 827.32	K9s For Warriors	\$ 827.58
Kelly Pointe	\$ 1,338.45	Planet Swim - Tennis	\$ 1,067.52
Sandy Ridge North, LLC/TC Development, LLC	\$ 44,265.00	TC North, LLC	\$ 1,701.93
Flagler Development	\$ 299.52	Truist Bank	\$ 1,878.72
Twenty Mile Pointe and Island	\$ 1,138.04	Baptist/YMCA	\$ 829.58
Lakeside Phase III (Partial)	\$ 1,088.95		
NTC East Retail	\$ 1,878.72		
Gate Petroleum	\$ 1,878.28		
Brookwood	\$ 1,224.40		
Cypress Trails	\$ 1,227.68		
The Villas	\$ 1,391.69		
Artisan Lakes	\$ 1,231.68		
The Colony at Twenty Mile	\$ 1,267.21		



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

To the Board of Supervisors  
Tolomato Community Development District  
St. Johns and Duval Counties, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Tolomato Community Development District, St. Johns and Duval Counties, Florida ("District") as of and for the fiscal 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 opinion thereon dated March 30, 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) to determine the 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.

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

### **Purpose of this Report**

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

*B. & Associates*

March 30, 2022



**Grau & Associates**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors  
Tolomato Community Development District  
St. Johns and Duval Counties, Florida

We have examined Tolomato Community Development District, St. Johns and Duval Counties, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2021. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 specified requirements referenced in Section 218.415, Florida Statutes. 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 noncompliance, 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 for the fiscal year ended September 30, 2021.

This report 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, management, and the Board of Supervisors of Tolomato Community Development District, St. Johns and Duval Counties, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

March 30, 2022



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors  
Tolomato Community Development District  
St. Johns and Duval Counties, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Tolomato Community Development District, St. Johns and Duval Counties, Florida ("District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 30, 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 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 Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2022, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the state of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Tolomato Community Development District, St. Johns County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Tolomato Community Development District, St. Johns and Duval Counties, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

March 30, 2022

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2015-01, 2016-02, 2017-02, 2018-01, 2019-01; 2020-01 Reserve Requirement

Current Status: finding will not be repeated due to circumstances beyond the control of District management.

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2020, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2021.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2021.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.

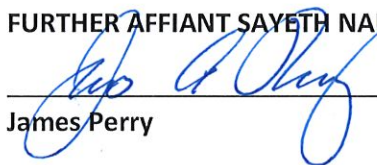
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on pages 31 and 32.

# IMPACT FEE AFFIDAVIT

**BEFORE ME**, the undersigned authority, personally appeared James Perry who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer<sup>1</sup> of Tolomato Community Development District, which is a special purpose governmental entity of the State of Florida.
2. The governing body of Tolomato Community Development District (District) adopted Resolution No. 2006-14 (Authorizing the County Administrator to Execute an Impact Fee Credit Agreement); and Resolution No. 2011-03 (Resolution with Regard to the Approval and Authorization to Execute the Impact Credit Fee Agreement with St. Johns County, Florida). According to Impact Fee Credit Agreement with St John's County, the District was granted Road Impact Fee Credits. The sale of such Road Impact Fee Credits provides the District with a portion of the revenue needed for construction of transportation improvements but the continued sale of such is not guaranteed and the timing of sales is uncertain. In order to proceed with the construction of roadways that is necessary for the continued growth of the development within the District, the latter entered into an agreement with SONOC Company LLC (SONOC) to sell Road Impact Fee Credits. In exchange for the purchase credits, the District agrees with SONOC that all revenues (up to the amount of Purchased Credit) from impact fee purchases shall be first paid to SONOC LLC until the latter has recovered the dollar value of the Purchased Credits. The District will continue to issue impact fee vouchers but the checks are to be made to the order of SONOC Company LLC until such time that the amount of purchased credit is fully satisfied.
3. Tolomato Community Development District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

**FURTHER AFFIANT SAYETH NAUGHT.**

  
\_\_\_\_\_  
James Perry

STATE OF FLORIDA  
ST. JOHNS COUNTY

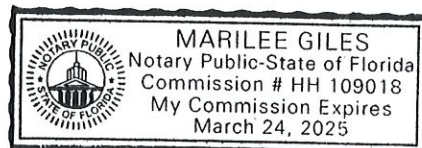
SWORN TO AND SUBSCRIBED before me this 26 day of April, 2022.

  
\_\_\_\_\_  
**NOTARY PUBLIC**  
Name: Marilee Giles

Personally known to me.

My Commission Expires:

March 24, 2025



<sup>1</sup>Pursuant to Section 163.31801(8), Florida Statutes