



VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Basic Financial Statements

September 30, 2021

(With Independent Auditors' Report Thereon)

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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ON THE COVER

The cover photograph was submitted by
Tracy Whitten, Recreation Facilities Manager
in the Recreation & Parks Department.

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Village Center Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village Center Community Development District (the District) as of and for the year ended September 30, 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.

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Supervisors
Village Center Community Development District
The Villages, Florida

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Public Safety Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Supervisors
Village Center Community Development District
The Villages, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



February 1, 2022
Ocala, Florida

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

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

FINANCIAL HIGHLIGHTS

- Total assets of the District are \$397,766,000; the deferred outflows of the resources of the District are \$3,644,000; total assets and deferred outflows have increased \$14,891,000 over prior year, an increase of 4%.
- Total liabilities of the District are \$204,074,000; the deferred inflows of the resources of the District are \$481,000; total liabilities and deferred inflows have decreased \$7,157,000 over prior year, a decrease of 3%.
- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of September 30, 2021, by \$196,855,000 (net position). Of this amount, \$118,223,000 is unrestricted and can be used at the discretion of the Board of Supervisors.
- At September 30, 2021, net position for governmental activities was \$53,488,000, or 89% of total governmental revenues. Of this amount, \$18,466,000 reflects its investment in capital assets and \$15,168,000 is restricted.
- The current year's unrestricted net position for governmental activities is \$19,854,000, or 33% of total governmental revenues.
- At September 30, 2021, net position for business-type activities was \$143,367,000, or 219% of total business-type revenues. Of this amount, \$31,081,000 reflects its investment in capital assets and \$13,917,000 is restricted.
- The current year's unrestricted net position for business-type activities is \$98,370,000, or 151% of total business-type revenues.
- The total net position has grown from a fiscal year 2020 balance of \$174,806,000 to a fiscal year 2021 balance of \$196,855,000.
- The District-wide total revenues of \$125,085,000 exceeded the expenses of \$103,036,000, providing a \$22,049,000 increase in total net position; the increase in net position for the governmental activities and business-type activities was \$8,811,000 and \$13,238,000, respectively.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$7,761,000 to show the need for the gradual replacement of these assets over time while amortization expense totaled \$5,925,000.
- The District's total debt decreased by \$9,780,000 during the year ending September 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

Government-wide Financial Statements

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

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

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

The government-wide financial statements are provided on pages 12-13 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's major funds individually. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories, the governmental funds, proprietary funds and fiduciary funds. The fund financial statements present information in more detail than the government-wide financial statements.

Governmental funds

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

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

The District maintains several governmental funds. Information is presented separately in the governmental net position sheet and in the governmental fund statement of revenues, expenditures, and changes in net position for the General Fund and the Public Safety Special Revenue Fund, both of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. The non-major governmental funds include Community Standards, Village of Spanish Springs, Rolling Acres and Road Maintenance Special Revenue Funds.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

The government fund financial statements can be found on pages 14-17 of this report.

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

Proprietary funds

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

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

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds

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

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

The fiduciary fund financial statements can be found on pages 23 & 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented beginning on page 25.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Management's Discussion and Analysis
September 30, 2021

Supplemental Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND ANALYSIS

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

	Governmental Activities		Business-type Activities		Total	
	September 30, 2021	2020	September 30, 2021	2020	September 30, 2021	2020
Assets:						
Current and other assets	\$ 40,442,807	33,125,384	123,442,324	110,839,894	163,885,131	143,965,278
Capital assets, (net of accumulated depreciation)	18,466,054	16,413,357	104,573,207	105,693,426	123,039,261	122,106,783
Intangible assets, (net of accumulated amortization)	-	-	110,841,508	116,442,443	110,841,508	116,442,443
Total Assets	58,908,861	49,538,741	338,857,039	332,975,763	397,765,900	382,514,504
Deferred outflow of resources:						
Deferred amount on OPEB	260,045	294,361	-	-	260,045	294,361
Deferred amount on debt refunding	-	-	3,384,339	3,709,626	3,384,339	3,709,626
Total assets and deferred outflows	59,168,906	49,833,102	342,241,378	336,685,389	401,410,284	386,518,491
Liabilities:						
Current liabilities	2,544,282	2,581,095	11,156,125	9,056,810	13,700,407	11,637,905
Long-term debt						
Due within one year	237,458	495,886	10,190,000	9,780,000	10,427,458	10,275,886
Due in more than a year	2,421,507	2,017,370	177,525,000	187,715,000	179,946,507	189,732,370
Total Liabilities	5,203,247	5,094,351	198,871,125	206,551,810	204,074,372	211,646,161
Deferred inflow of resources:						
Deferred amount on debt refunding	-	-	3,149	4,724	3,149	4,724
Deferred amount on leases	419,232	-	-	-	419,232	-
Deferred amount on OPEB	58,788	61,482	-	-	58,788	61,482
Total liabilities and deferred inflows	5,681,267	5,155,833	198,874,274	206,556,534	204,555,541	211,712,367
Net position:						
Net investment in capital assets	18,466,054	16,413,357	31,080,905	28,345,771	49,546,959	44,759,128
Restricted	15,167,792	11,930,096	13,916,534	14,304,079	29,084,326	26,234,175
Unrestricted	19,853,793	16,333,816	98,369,665	87,479,005	118,223,458	103,812,821
Total net position, restated	\$ 53,487,639	44,677,269	143,367,104	130,128,855	196,854,743	174,806,124

Statement of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The District's total assets (and deferred outflows) exceeded total liabilities (and deferred inflows) by \$196,855,000. The net position increased \$22,049,000 from a balance of \$174,806,000 as of September 30, 2020.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

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

Net investment in capital assets A total \$49,547,000 or 25% reflects its investment in capital assets less any related outstanding debt to acquire those assets. The District uses these capital assets to provide services to its residents; therefore, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

Restricted net assets A total \$29,084,000 of net assets is restricted for certain purposes as outlined below:

Restricted for debt service An additional \$11,816,000 portion of the District's net position (6%) represents resources that are subject to external restrictions on how they may be used. The District's restricted net position is restricted for the purpose of meeting its debt service obligations.

Restricted for special revenue purposes A total of \$15,168,000 of the District's net position (8%) is restricted for the special revenue purposes of public safety, community standards-deed covenants, the Village of Spanish Springs-common area maintenance, Rolling Acres-common area maintenance, commercial road maintenance and community standards.

Restricted for renewal and replacement A total of \$1,657,000 of the District's net position (1%) is restricted by the bond indenture for use in the renewal and replacement of the capital assets as they wear out, in the RAD and two utility proprietary funds.

Restricted for system development A total of \$443,000 of the District's net position (0.2%) is restricted for system development.

Unrestricted net position The remaining portion of \$118,223,000 or 60% is unrestricted and available to meet the future needs of the district as unrestricted net position.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Management's Discussion and Analysis
September 30, 2021

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

Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	September 30,		September 30,		September 30,	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 57,589,009	53,493,197	63,871,403	62,642,984	121,460,412	116,136,181
Operating grants and contributions	1,403,640	171,367	-	-	1,403,640	171,367
Capital grants and contributions	-	35,980	18,344	-	18,344	35,980
Gain on sale of assets and leased vehicles	103,656	19,559	-	-	103,656	19,559
General revenues:						
Investment earnings	669,487	598,353	1,429,041	2,427,588	2,098,528	3,025,941
Total revenues	59,765,792	54,318,456	65,318,788	65,070,572	125,084,580	119,389,028
Expenses:						
General government	9,845,038	9,172,642	3,974,257	4,123,421	13,819,295	13,296,063
Public safety	24,753,760	23,735,353	1,993,709	2,463,359	26,747,469	26,198,712
Physical environment	4,744,054	4,403,155	16,421,399	15,771,219	21,165,453	20,174,374
Recreation	10,107,713	9,942,096	8,558,173	8,361,055	18,665,886	18,303,151
Interest on long-term debt	-	-	8,952,679	9,318,889	8,952,679	9,318,889
Depreciation (unallocated)	1,504,857	1,362,816	6,255,677	6,253,201	7,760,534	7,616,017
Amortization expense	-	-	5,924,645	5,883,609	5,924,645	5,883,609
Total expenses	50,955,422	48,616,062	52,080,539	52,174,753	103,035,961	100,790,815
Changes in net position	8,810,370	5,702,394	13,238,249	12,895,819	22,048,619	18,598,213
Total net position, beginning, restated	44,677,269	38,974,875	130,128,855	117,233,036	174,806,124	156,207,911
Total net position, ending, restated	\$ 53,487,639	44,677,269	143,367,104	130,128,855	196,854,743	174,806,124

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

Revenues The District's revenues for the years ended September 30, 2021, and September 30, 2020 were approximately \$125,085,000 and \$119,389,000 respectively. Total revenues increased 5% year over year. The District's expenses for the years ended September 30, 2021, and September 30, 2020, were \$103,036,000 and \$100,791,000 respectively. Total expenses increased 2% year over year. The increase in expense was related primarily to an increase in public safety, general government and physical environment expenses.

Revenues include charges for services, operating and capital grants and investment earnings on cash balances held during the year. Charges for services totaled \$121,460,000 in Fiscal Year 2021, an increase of \$5,324,000 compared to the prior year. Governmental charges increased 8% year over year, while the Little Sumter Service Area (LSSA) and Village Center Service Area (VCSA) water and utility funds and the RAD fund included an approximate 2.5% rate increase. Investment income decreased by \$927,000 due to market conditions related to the Coronavirus Pandemic.

Expenses General government expenses increased by \$523,000 in fiscal year 2021 compared to fiscal year 2020. Physical environment expenses, including landscaping, irrigation, utilities and maintenance costs, increased \$991,000, as compared to the prior fiscal year. Public safety expense, including costs related to fire and community

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

watch services increased \$549,000 over prior year. Interest expense declined by \$366,000, depreciation expense increased \$145,000 and amortization expense increased \$41,000 year over year.

GOVERNMENT FUND BUDGETARY HIGHLIGHTS

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

General Fund

- During fiscal year 2021, the final General Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$2,007,000 primarily in the capital outlay and other expenses offset by a decrease in personnel services.
- Investment earnings of \$315,000 exceeded the budget of \$22,000. Investment returns showed decreased results over the prior fiscal year due to market conditions related to the Coronavirus Pandemic.
- Total expenses were \$5,285,000, or 15% under budget for the year primarily in personnel services, other expenditures and capital outlay.

Public Safety Special Revenue Fund

- During fiscal year 2021, the final Public Safety Fund revenue budget increased \$723,000 compared to the original budgeted revenues primarily in other income with the addition of the SAFER grant.
- The total expenditure budget increased \$2,636,000 primarily in the capital outlay and personnel services.
- Investment earnings of \$253,000 exceeded the budget of \$48,000.
- Total expenses were \$1,564,000, or 7% under budget for the year primarily in capital outlay.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of September 30, 2021 amounts to \$123,039,000. This investment in capital assets includes land, buildings and structures, improvements other than buildings and machinery and equipment. New capital assets, net of disposals totaled \$8,693,000 during the year. Depreciation expenses totaled \$7,761,000 resulting in an overall net decrease in capital assets of \$932,000.

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

Long-Term Debt

As of September 30, 2021, the District has outstanding long-term debt, including a liability for compensated absences and other post-employment benefits totaling \$190,374,000. Total principal payments were \$9,780,000 during the year. A total \$10,190,000 is due within one year.

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local, state and national economic factors influence the District's budget in a variety of ways. These factors were considered in preparing the District's General Fund budget for the 2022 Fiscal Year

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

General Fund: In Fiscal Year 2022, the total revenues are projected to increase by \$1,493,000 compared to the Fiscal Year 2021 final budget. Management Fee Assessments makes up the majority of the revenue increase. The Fiscal Year 2022 expenditure budget projects an increase of \$1,130,000, when compared to the Fiscal Year 2021 final budget. The increase in expenditures results primarily from an increase in personnel services and other expenses offset by a decrease in capital outlay.

Public Safety Special Revenue Fund: In Fiscal Year 2022, the total revenues are projected to increase by \$458,000 compared to the Fiscal Year 2021 final budget. An increase in other income makes up the majority of this revenue increase. The Fiscal Year 2022 expenditure budget projects an increase of \$850,000, when compared to the Fiscal Year 2021 final budget. The increase in expenditures results primarily from an increase in personnel services and other expenses offset by a decrease in capital outlay.

Recreation Amenities Division Fund: In Fiscal Year 2022, the total revenues are projected to increase by \$1,559,000 compared to the Fiscal Year 2021 final budget. A 2 ½% increase in amenity fees make up the majority of this revenue increase. The Fiscal Year 2022 General Fund expenditure budget projects a decrease of \$8,507,000, when compared to the Fiscal Year 2021 final budget. The decrease in expenditures results primarily from a decrease in capital outlay offset by an increase in management and other professional services and building, landscape and other maintenance.

Village Center Service Area Fund: In Fiscal Year 2022, the total revenues are projected to increase by \$264,000 compared to the Fiscal Year 2021 final budget. A 2 ½% increase in utility fees make up the majority of this revenue increase. The Fiscal Year 2022 General Fund expenditure budget projects a decrease of \$1,673,000, when compared to the Fiscal Year 2021 final budget. The decrease in expenditures results primarily from a decrease in capital outlay, management and other professional services and building, landscape and other maintenance.

Little Sumter Service Area Fund: In Fiscal Year 2022, the total revenues are projected to increase by \$812,000 compared to the Fiscal Year 2021 final budget. A 2 ½% increase in utility fees make up the majority of this revenue increase. The Fiscal Year 2022 General Fund expenditure budget projects a decrease of \$2,033,000, when compared to the Fiscal Year 2021 final budget. The decrease in expenditures results primarily from a decrease in capital outlay and management and other professional services.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2021

TO OBTAIN FURTHER INFORMATION

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

September 30, 2021

Assets	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 26,321,085	58,958,915	\$ 85,280,000
Accounts receivable (net)	817,391	5,691,933	6,509,324
Investments	12,380,561	58,673,284	71,053,845
Due from other governments	738,523	88,131	826,654
Prepaid items	185,247	30,060	215,307
Capital assets:			
Non depreciable assets	1,803,937	14,280,933	16,084,870
Depreciable assets (net of accumulated depreciation)	16,662,117	90,292,274	106,954,391
Intangible assets (net of accumulated attribution)	-	110,841,509	110,841,509
Total assets	58,908,861	338,857,039	397,765,900
Deferred outflow of resources			
Deferred amount on OPEB	260,045	-	260,045
Deferred amount on debt refunding	-	3,384,339	3,384,339
Total deferred outflows	260,045	3,384,339	3,644,384
Liabilities			
Accounts payable	1,124,994	3,871,315	4,996,309
Accrued expenses	1,291,122	108,868	1,399,990
Accrued interest payable	-	3,958,444	3,958,444
Due to other governments	117,991	1,006,683	1,124,674
Unearned revenue	10,175	2,210,815	2,220,990
Total current liabilities	2,544,282	11,156,125	13,700,407
Long-term debt:			
Due within one year	237,458	10,190,000	10,427,458
Due in more than one year	2,421,507	177,525,000	179,946,507
Total long-term debt	2,658,965	187,715,000	190,373,965
Total liabilities	5,203,247	198,871,125	204,074,372
Deferred inflow of resources			
Deferred amount on debt refunding	-	3,149	3,149
Deferred amount on leases	419,232	-	419,232
Deferred amount on OPEB	58,788	-	58,788
Total deferred inflows	478,020	3,149	481,169
Net position			
Net investment in capital assets	18,466,054	31,080,905	49,546,959
Restricted for:			
Debt service	-	11,815,737	11,815,737
Special revenue purposes	15,167,792	-	15,167,792
Renewal and replacement	-	1,657,285	1,657,285
System development	-	443,512	443,512
Unrestricted	19,853,793	98,369,665	118,223,458
Total net position	\$ 53,487,639	143,367,104	\$ 196,854,743

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Activities

September 30, 2021

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets		Total
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	
Governmental activities:							
General government	\$ 9,845,038	35,291,691	65,830	-	25,512,483	-	25,512,483
Public safety	24,753,760	22,297,318	1,337,810	-	(1,118,632)	-	(1,118,632)
Physical environment	4,744,054	-	-	-	(4,744,054)	-	(4,744,054)
Recreation	10,107,713	-	-	-	(10,107,713)	-	(10,107,713)
Depreciation (unallocated)	1,504,857	-	-	-	(1,504,857)	-	(1,504,857)
Total governmental activities	<u>50,955,422</u>	<u>57,589,009</u>	<u>1,403,640</u>	<u>-</u>	<u>8,037,227</u>	<u>-</u>	<u>8,037,227</u>
Business-type activities:							
General government	3,974,257	-	-	-	-	(3,974,257)	(3,974,257)
Public safety	1,993,709	-	-	-	-	(1,993,709)	(1,993,709)
Physical environment	16,421,399	19,780,738	-	18,344	-	3,377,683	3,377,683
Recreation	8,558,173	44,090,665	-	-	-	35,532,492	35,532,492
Interest on long term debt	8,952,679	-	-	-	-	(8,952,679)	(8,952,679)
Depreciation (unallocated)	6,255,677	-	-	-	-	(6,255,677)	(6,255,677)
Amortization expense	5,924,645	-	-	-	-	(5,924,645)	(5,924,645)
Total business-type activities	<u>52,080,539</u>	<u>63,871,403</u>	<u>-</u>	<u>18,344</u>	<u>-</u>	<u>11,809,208</u>	<u>11,809,208</u>
Total primary government	<u>\$ 103,035,961</u>	<u>121,460,412</u>	<u>1,403,640</u>	<u>18,344</u>	<u>8,037,227</u>	<u>11,809,208</u>	<u>19,846,435</u>
General revenues:							
Investment earnings					\$ 669,487	1,429,041	2,098,528
Gain on sale of property and leased vehicles					103,656	-	103,656
Total general revenues					<u>773,143</u>	<u>1,429,041</u>	<u>2,202,184</u>
Change in net position					8,810,370	13,238,249	22,048,619
Net position, beginning					<u>44,677,269</u>	<u>130,128,855</u>	<u>174,806,124</u>
Net position, ending					<u>\$ 53,487,639</u>	<u>143,367,104</u>	<u>196,854,743</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Balance Sheet
Governmental Funds
September 30, 2021

	Major Funds			Total
	General Fund	Department of Public Safety	Non-Major Funds Total	
Assets				
Cash and cash equivalents	\$ 13,925,559	10,537,310	1,858,216	26,321,085
Accounts receivable (net)	433,247	361,534	22,610	817,391
Investments	5,198,553	5,471,892	1,710,116	12,380,561
Due from other funds	-	3,991	-	3,991
Due from other governments	514,728	223,780	15	738,523
Inventory and other prepaid items	166,137	19,110	-	185,247
Total assets	20,238,224	16,617,617	3,590,957	40,446,798
Liabilities and Fund Balance				
Accounts payable	482,927	402,170	239,897	1,124,994
Accrued expenses	809,150	451,813	30,159	1,291,122
Due to other funds	3,991	-	-	3,991
Due to other governments	50,388	-	67,603	117,991
Unearned revenue	10,175	-	-	10,175
Total liabilities	1,356,631	853,983	337,659	2,548,273
Deferred inflows of resources:				
Unavailable lease revenue	419,232	-	-	419,232
Fund balances:				
Non-spendable	166,137	19,110	-	185,247
Restricted				
Public Safety	-	12,508,462	-	12,508,462
Community Standards-deed covenants	-	-	91,115	91,115
Village of Spanish Springs-common area maintenance	-	-	1,281,944	1,281,944
Rolling Acres-common area maintenance	-	-	277,550	277,550
Commercial road maintenance	-	-	598,931	598,931
Community Standards	-	-	390,680	390,680
Committed				
Renewal and replacement	-	3,236,062	613,078	3,849,140
Unassigned	18,296,224	-	-	18,296,224
Total fund balance	18,462,361	15,763,634	3,253,298	37,479,293
Total liabilities and fund balance	\$ 20,238,224	16,617,617	3,590,957	40,446,798

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
 September 30, 2021

Fund balance – governmental funds		\$ 37,479,293
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund:		
Capital assets	\$ 28,695,766	
Less accumulated depreciation	<u>(10,229,712)</u>	18,466,054
Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund:		
Compensated absences	(1,259,294)	
Other Post-Employment Benefits (OPEB)	<u>(1,399,671)</u>	(2,658,965)
Deferred Inflow of Resources - Other Post-Employment Benefits (OPEB)		(58,788)
Deferred Outflow of Resources - Other Post-Employment Benefits (OPEB)		<u>260,045</u>
Net position of governmental activities		<u><u>\$ 53,487,639</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year Ended September 30, 2021

	Major Funds			Total
	General Fund	Department of Public Safety	Non-Major Funds	
Revenues:				
Administration and maintenance fees	\$ 29,854,175	-	-	29,854,175
Amenities revenue	-	3,279,096	-	3,279,096
Intergovernmental fire assessments	-	18,918,615	-	18,918,615
State revenue sharing-firefighters' supplemental	-	45,363	-	45,363
FEMA Grant	-	1,271,770	-	1,271,770
FEMA Reimbursement	-	15,857	-	15,857
Assessments, Village of Spanish Springs	-	-	1,299,311	1,299,311
Assessments, Rolling Acres	-	-	107,669	107,669
Assessments, Commercial Road Maintenance	-	-	36,605	36,605
Assessments, Community Standards	-	-	776,214	776,214
Fees for services provided to developer	3,083,626	-	58,401	3,142,027
Miscellaneous revenues	55,286	99,607	23,861	178,754
Investment earnings	314,730	253,294	101,463	669,487
Disposition of fixed assets and leased vehicles	103,656	-	-	103,656
Contributions and donations from private sources	65,830	4,820	-	70,650
Total revenues	33,477,303	23,888,422	2,403,524	59,769,249
Expenditures:				
Current				
General government	8,441,005	9,051	1,217,651	9,667,707
Public safety	6,720,322	18,033,438	-	24,753,760
Physical environment	3,640,012	-	1,104,042	4,744,054
Culture/recreation	10,107,713	-	-	10,107,713
Capital outlay	1,610,160	1,690,068	260,783	3,561,011
Total expenditures	30,519,212	19,732,557	2,582,476	52,834,245
Net change in fund balance and transfers	2,958,091	4,155,865	(178,952)	6,935,004
Fund balance, beginning of year	15,504,270	11,607,769	3,432,250	30,544,289
Fund balance, end of year	\$ 18,462,361	15,763,634	3,253,298	37,479,293

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds to the Statement of Activities
 Year Ended September 30, 2021

Net change in fund balance – governmental funds	\$	6,935,004
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period and other capital transactions.</p>		
Capital outlay	\$ 3,561,011	
Loss on disposition of fixed assets	(3,457)	
Less depreciation	<u>(1,504,857)</u>	2,052,697
<p>Decrease (increase) in long-term liabilities is shown on the government-wide statements but not on the governmental fund statements.</p>		
Compensated absences	32,843	
Other Post-Employment Benefits (OPEB)	<u>(178,553)</u>	(145,710)
<p>Decrease (increase) in Deferred Inflows OPEB is shown on the government-wide statements</p>		
		2,695
<p>(Decrease) increase in Deferred Outflows OPEB is shown on the government-wide statements</p>		
		<u>(34,316)</u>
Change in net position of governmental activities	\$	<u><u>8,810,370</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual

General Fund

Year ended September 30, 2021

	<u>Original</u>	<u>Amended</u>	<u>YTD Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>		
Revenues:				
Maintenance and Other Special Assessments	\$ 33,738,881	\$ 33,738,881	\$ 32,937,801	\$ (801,080)
Other Income	37,000	37,000	224,772	187,772
Investment Income	<u>21,871</u>	<u>21,871</u>	<u>314,730</u>	<u>292,859</u>
Total Revenues:	33,797,752	33,797,752	33,477,303	(320,449)
Expenditures:				
Personnel Services	28,084,184	27,853,288	24,240,498	(3,612,790)
Management and Other Professional Services	1,691,685	1,751,654	1,456,435	(295,219)
Utility Services	62,191	66,891	61,881	(5,010)
Building, Landscape and Other Maintenance	182,323	242,025	195,672	(46,353)
Capital Outlay	-	1,908,427	1,610,160	(298,267)
Other Expenditures	<u>3,777,369</u>	<u>3,982,295</u>	<u>2,954,566</u>	<u>(1,027,729)</u>
Total Expenditures	33,797,752	35,804,580	30,519,212	(5,285,368)
Net Change in Fund Balance	\$ -	\$ (2,006,828)	\$ 2,958,091	\$ 4,964,919
Beginning Fund Balance	<u>15,504,270</u>	<u>15,504,270</u>	<u>15,504,270</u>	<u>-</u>
Ending Fund Balance	<u>\$ 15,504,270</u>	<u>\$ 13,497,442</u>	<u>\$ 18,462,361</u>	<u>\$ 4,964,919</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual

Department of Public Safety

Year ended September 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>YTD Actual</u>	<u>Variance</u>
Revenues:				
Charges for Services	\$ 21,625,684	\$ 20,977,089	\$ 22,203,274	\$ 1,226,185
Other Income	83,000	1,455,052	1,431,854	(23,198)
Investment Income	<u>47,959</u>	<u>47,959</u>	<u>253,294</u>	<u>205,335</u>
Total Revenues:	21,756,643	22,480,100	23,888,422	1,408,322
Expenditures:				
Personnel Services	14,727,488	15,653,850	15,043,286	(610,564)
Management and Other Professional Services	1,064,699	1,050,352	919,371	(130,981)
Utility Services	182,599	195,302	178,152	(17,150)
Building, Landscape and Other Maintenance	297,534	364,366	323,280	(41,086)
Capital Outlay	576,000	2,149,171	1,690,068	(459,103)
Other Expenditures	<u>1,811,732</u>	<u>1,883,108</u>	<u>1,578,400</u>	<u>(304,708)</u>
Total Expenditures	18,660,052	21,296,149	19,732,557	(1,563,592)
Net Change in Fund Balance	\$ 3,096,591	\$ 1,183,951	\$ 4,155,865	\$ 2,971,914
Beginning Fund Balance	<u>11,607,769</u>	<u>11,607,769</u>	<u>11,607,769</u>	<u>-</u>
Ending Fund Balance	<u>\$ 14,704,360</u>	<u>\$ 12,791,720</u>	<u>\$ 15,763,634</u>	<u>\$ 2,971,914</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

Proprietary Funds

September 30, 2021

Assets	Major Funds			Non-Major Fund	Total
	RAD	VCSA Water and Sewer	LSSA Water and Sewer		
Current assets:					
Cash and cash equivalents	\$ 23,222,475	6,581,779	11,556,471	166,724	41,527,449
Restricted cash and cash equivalents	9,503,103	1,844,182	3,982,727	-	15,330,012
Accounts receivable (net)	3,448,764	874,995	1,368,166	8	5,691,933
Investments	36,665,137	10,940,375	11,067,772	-	58,673,284
Due from other funds	545,016	-	-	260,760	805,776
Due from other governments	84,283	1,125	2,723	-	88,131
Prepaid expenses	30,061	-	-	-	30,061
Total current assets	73,498,839	20,242,456	27,977,859	427,492	122,146,646
Non-current assets:					
Restricted cash and cash equivalents	986,561	296,121	818,772	-	2,101,454
Capital assets:					
Land	9,937,107	150,312	126,797	-	10,214,216
Buildings and structures	63,368,232	1,639,117	5,230,181	-	70,237,530
Infrastructure	37,296,230	37,540,574	39,373,411	-	114,210,215
Furniture & fixtures	1,904,895	1,519,940	1,509,196	-	4,934,031
Construction in progress	2,527,613	922,222	616,881	-	4,066,716
Less accumulated depreciation	(48,897,812)	(25,412,446)	(24,779,243)	-	(99,089,501)
Intangible assets (net of accumulated amortization)	87,001,609	-	23,839,899	-	110,841,508
Total non-current assets	154,124,435	16,655,840	46,735,894	-	217,516,169
Total assets	227,623,274	36,898,296	74,713,753	427,492	339,662,815
Deferred outflow of resources:					
Deferred amount on debt refunding	2,989,923	-	394,416	-	3,384,339
Total assets and deferred outflows	230,613,197	36,898,296	75,108,169	427,492	343,047,154
Liabilities					
Current liabilities:					
Accounts payable	2,754,309	611,534	490,416	15,056	3,871,315
Accrued expenses	73,477	11,134	20,437	3,820	108,868
Accrued interest payable	2,496,863	103,344	1,358,237	-	3,958,444
Due to other funds	260,760	230,683	314,333	-	805,776
Due to other governments	931,897	20,737	53,585	464	1,006,683
Unearned revenue	1,938,225	-	-	272,590	2,210,815
Current installments of revenue bonds payable	6,025,000	1,675,000	2,490,000	-	10,190,000
Total current liabilities	14,480,531	2,652,432	4,727,008	291,930	22,151,901
Non-current liabilities:					
Revenue bonds payable, net	119,650,000	3,550,000	54,325,000	-	177,525,000
Total non-current liabilities	119,650,000	3,550,000	54,325,000	-	177,525,000
Total liabilities	134,130,531	6,202,432	59,052,008	291,930	199,676,901
Deferred inflow of resources					
Deferred amount on debt refunding	-	3,149	-	-	3,149
Total liabilities and deferred inflows	134,130,531	6,205,581	59,052,008	291,930	199,680,050
Net position					
Net investment in capital assets	30,452,797	11,131,570	(10,503,462)	-	31,080,905
Restricted for:					
Debt service	7,006,240	1,740,838	3,068,659	-	11,815,737
Renewal and replacement	986,561	296,121	374,603	-	1,657,285
System development	-	-	443,512	-	443,512
Unrestricted	58,037,068	17,524,186	22,672,849	135,562	98,369,665
Total net position	\$ 96,482,666	30,692,715	16,056,161	135,562	143,367,104

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Major Funds			Non-Major Fund	Total
	RAD	VCSA Water and Sewer	LSSA Water and Sewer		
Operating revenues:					
Charges for services:					
Water revenue	\$ -	3,326,701	6,082,100	-	9,408,801
Sewer revenue	-	4,163,135	5,770,437	-	9,933,572
Recreational amenity fees	41,707,616	-	-	-	41,707,616
Recreational fees	1,392,489	-	-	556,320	1,948,809
Rentals and leases	434,240	-	-	-	434,240
Other Income	426,608	5,007	6,627	123	438,365
Total operating revenues	<u>43,960,953</u>	<u>7,494,843</u>	<u>11,859,164</u>	<u>556,443</u>	<u>63,871,403</u>
Operating expenses:					
Recreational expenses	8,099,464	-	-	458,709	8,558,173
General and administrative	3,960,924	4,659	8,674	-	3,974,257
Public Safety	1,993,709	-	-	-	1,993,709
Physical Environment	8,973,205	3,651,692	3,796,502	-	16,421,399
Depreciation	3,229,965	1,350,405	1,675,307	-	6,255,677
Amortization / accretion	4,816,474	(1,575)	1,109,746	-	5,924,645
Total operating expenses	<u>31,073,741</u>	<u>5,005,181</u>	<u>6,590,229</u>	<u>458,709</u>	<u>43,127,860</u>
Operating income	<u>12,887,212</u>	<u>2,489,662</u>	<u>5,268,935</u>	<u>97,734</u>	<u>20,743,543</u>
Non-operating revenue (expenses):					
Investment earnings	614,876	367,103	446,859	203	1,429,041
Interest expense	(6,029,498)	(206,701)	(2,716,480)	-	(8,952,679)
Total non-operating revenue (expenses)	<u>(5,414,622)</u>	<u>160,402</u>	<u>(2,269,621)</u>	<u>203</u>	<u>(7,523,638)</u>
Change in net position before capital contributions	7,472,590	2,650,064	2,999,314	97,937	13,219,905
Capital contributions - impact fees	-	-	18,344	-	18,344
Change in net position	7,472,590	2,650,064	3,017,658	97,937	13,238,249
Total net position, beginning	<u>89,010,076</u>	<u>28,042,651</u>	<u>13,038,503</u>	<u>37,625</u>	<u>130,128,855</u>
Total net position, ending	<u>\$ 96,482,666</u>	<u>30,692,715</u>	<u>16,056,161</u>	<u>135,562</u>	<u>143,367,104</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2021

	Major Funds			Non-Major Fund	Total
	RAD	VCSA Water and Sewer	LSSA Water and Sewer		
Cash flows from operating activities:					
Receipts from customers	\$ 43,810,143	7,461,699	11,698,904	556,435	63,527,181
Payments to suppliers and others	(21,596,838)	(3,242,646)	(3,450,649)	(449,726)	(28,739,859)
Net cash provided (used) by operating activities	<u>22,213,305</u>	<u>4,219,053</u>	<u>8,248,255</u>	<u>106,709</u>	<u>34,787,322</u>
Cash flows from capital and related financing activities:					
Principal payments on bonds	(5,780,000)	(1,610,000)	(2,390,000)	-	(9,780,000)
Capital impact fees received	-	-	18,344	-	18,344
Interest paid	(6,112,578)	(238,547)	(2,766,144)	-	(9,117,269)
Payment for capital assets	(3,678,663)	(982,506)	(474,289)	-	(5,135,458)
Net cash (used in) provided by capital and related financing activities	<u>(15,571,241)</u>	<u>(2,831,053)</u>	<u>(5,612,089)</u>	<u>-</u>	<u>(24,014,383)</u>
Cash flows from investing activities:					
Purchase of investments	(5,106,347)	(1,688,719)	(2,773,543)	-	(9,568,609)
Interest received	614,876	367,103	446,859	203	1,429,041
Net cash provided (used) by investing activities	<u>(4,491,471)</u>	<u>(1,321,616)</u>	<u>(2,326,684)</u>	<u>203</u>	<u>(8,139,568)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,150,593</u>	<u>66,384</u>	<u>309,482</u>	<u>106,912</u>	<u>2,633,371</u>
Cash and cash equivalents, beginning of year	<u>31,561,546</u>	<u>8,655,698</u>	<u>16,048,488</u>	<u>59,812</u>	<u>56,325,544</u>
Cash and cash equivalents, end of year	<u>33,712,139</u>	<u>8,722,082</u>	<u>16,357,970</u>	<u>166,724</u>	<u>58,958,915</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:					
Cash per statement of net position:					
Unrestricted cash and cash equivalents	23,222,475	6,581,779	11,556,471	166,724	41,527,449
Restricted cash and cash equivalents - current	9,503,103	1,844,182	3,982,727	-	15,330,012
Restricted cash and cash equivalents - non-current	986,561	296,121	818,772	-	2,101,454
Cash and cash equivalents	<u>33,712,139</u>	<u>8,722,082</u>	<u>16,357,970</u>	<u>166,724</u>	<u>58,958,915</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	12,887,212	2,489,662	5,268,935	97,734	20,743,543
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	3,229,965	1,350,405	1,675,307	-	6,255,677
Amortization / accretion	4,816,474	(1,575)	1,109,746	-	5,924,645
Change in assets and liabilities:					
(Increase) Decrease in:					
Accounts receivable	(170,412)	(33,144)	(160,260)	(8)	(363,824)
Prepaid expenses	(30,061)	-	-	-	(30,061)
Due from other funds	(19,592)	-	21,882	(28,746)	(26,456)
Due from other governments	(12,148)	15,053	(2,723)	(1,393)	(1,211)
Increase (Decrease) in:					
Accounts payable and accrued liabilities	1,492,265	398,652	335,368	39,122	2,265,407
Unearned revenue	19,602	-	-	-	19,602
Miscellaneous	-	-	-	-	-
Net cash provided by operating activities	<u>\$ 22,213,305</u>	<u>4,219,053</u>	<u>8,248,255</u>	<u>106,709</u>	<u>34,787,322</u>

See accompanying notes to basic financial statements

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2021

		<u>Beyond the Stars Custodial Fund</u>
Assets:		
Cash and cash equivalents	\$	<u>90,911</u>
Total assets		<u>90,911</u>
Liabilities:		
Due to Beyond the Stars beneficiaries		<u>6,283</u>
Total liabilities	\$	<u>6,283</u>
Net Position		
Individuals, organizations and other governments		<u>84,628</u>
Total Net Position	\$	<u><u>84,628</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
September 30, 2021

		<u>Beyond the Stars Custodial Fund</u>
Additions:		
Contributions:		
Individuals		27,813
Investment earnings:		49
Total Additions	\$	<u>27,862</u>
 Deductions		
Beneficiary payment to individuals		12,858
Total Deductions	\$	<u>12,858</u>
Change in net positions		15,004
Beginning Net Position		<u>69,624</u>
Ending Net Position	\$	<u><u>84,628</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Village Center Community Development District (the District) was established in 1992 to manage and finance basic services for a community development district located in The Villages, Florida. The District was created by the Town of Lady Lake, Florida, in Ordinance No. 92-06, pursuant to the provisions of Chapter 190.005 of the Florida Statutes, and operates within the criteria established by Chapter 190. The District is governed by a five-member Board of Supervisors who is elected on a rotating basis by the landowners within the District for terms from two to four years. As of September 30, 2021, all members of the Board of Supervisors are employees of or affiliated with the Developer.

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

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

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

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

The following is a listing of these Community Development Districts:

- Village Center Community Development District provides water and sewer utility services, recreation facilities and services, security, fire protection, emergency medical first response (non-transport) and executive golf services to the residents. The cost of operations is funded by amenity and utility fees which residents pay monthly. This District also provides for the maintenance of common areas and roadways for the commercial areas within the District boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments. Lastly, the District

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

provides administrative services, including human resources, payroll, accounting, property management, recreation leadership and community standard services to the Community Development Districts.

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

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

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

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

In addition to the above community development districts, there are two dependent districts of Sumter County in the total structure of Districts:

- North Sumter County Utility Dependent District (NSCUDD) – NSCUDD is a dependent district of Sumter County. This dependent district provides water, wastewater and reclaimed water service to Village properties between C.R. 466 and C.R. 466A in Sumter County and potable services to Village properties from C.R. 466A to S.R 44 in Sumter County. NSCUDD also provides solid waste sanitation services for the Sumter County, Marion County, and portions of The Villages that are in the City of Fruitland Park and City of Wildwood.
- Wildwood Utility Dependent District (WUDD) – WUDD is a dependent district of the City of Wildwood. This dependent district provides water and wastewater service to Village properties located south of State Road 44.

Basis of Presentation

Government-wide Statements: The financial statements include both government-wide financial statements, based on the District as a whole, and fund financial statements. The government-wide financial

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

statements report information on all of the non-fiduciary activities of the District. The effect of any inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The government-wide statement of net position reports the governmental activities of the District on a government-wide basis and on a full accrual basis, using the economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The statement of net position also addresses deferred inflows and deferred outflows. The statement of activities reflects the expenses of the District, which are offset by revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function.

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

Program revenues in the statement of activities consist primarily of special assessments for the governmental funds and charges for utility and recreational amenities in the proprietary funds. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

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

The following are the District's major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

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

Governmental Fund Balance Classifications

Governmental fund balances are classified as either non-spendable or spendable. Spendable balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances. A discussion of each is as follows:

- **Non-spendable:** This classification includes amounts which cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. “Not in spendable form” includes items which are not expected to be converted into cash (such as inventories and prepaid amounts).
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts which can only be used for specific purposes established by the highest decision making authority in the government. Committed amounts cannot be used for any other purpose unless the District removes those constraints by taking the same type action.
- **Assigned:** This classification includes amounts which are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. This classification represents fund balance which has not been assigned to other funds and which has not been restricted, committed or assigned to a specific purpose within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The District does not currently use the assigned category of fund balance. All restricted fund balances relate to external debt service restrictions. The Board of Supervisors, the highest decision making authority of the District, approves the establishment, increase and reduction in committed fund balances by budget resolutions and amendments. All other fund balances are unassigned. Restricted and Committed fund balances are always used first for the purposes for which they are designated. Changes to this practice require prior Board of Supervisors approval. A minimum fund balance amount has not been formally adopted.

Budgetary Information

The annual budget is formally adopted by the Board of Supervisors and serves as the legal authorization for expenditures. Legal authority and control are established in accordance with Section 190.008, Florida Statutes. The annual budget, as well as any subsequent amendment, is adopted and approved for all funds by the Board of Supervisors. Budgets are adopted on a basis consistent with GAAP. All budget amounts presented in the statements reflect the original budget and the amended final budget.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

Assets, Liabilities and Net Position

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position which applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position which applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

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

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

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

Intangible Assets Intangible assets represent the discounted value of future amenity fees or utilities service fees acquired from the Developer, and are capitalized at cost at the date of acquisition. Intangible assets are amortized on a straight-line basis over an estimated useful life of 40 years.

Compensated Absences It is the District's policy to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide financial statements. The compensated absences balance was \$1,259,000 as of September 30, 2021.

Bond Discounts, Premiums and Issuance Costs In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities statement of net position. Bond premiums and discounts and bond insurance costs, are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, proprietary fund types recognize bond issuance costs during the period when the debt is issued. The face amount of debt issued is reported as other financial sources. Issuance costs are reported as other debt services expenditures.

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

The resolutions, authorizing both the utility and recreational revenue bonds require the District establish sinking fund and reserve accounts in amounts which equal the Reserve Account Requirements, which are defined in the Bond Trust Indentures. In addition, the bond resolutions require a renewal and replacement reserve be established. The renewal and replacement reserve deposits are maintained as restricted assets until such time as needed to fund those necessary recreation and water and sewer system renewals and replacements.

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

Retirement Benefits Full-time employees participate in the District defined contribution retirement plans. The plans were established under IRS section 401(a) and 457(b) and are administered by Nationwide and ICMA. Employees may choose among various investment options available to plan participants. There are three classes of employees participating in the plan, regular full-time employees, executive employees (District Manager, Deputy District Manager, Assistant District Manager), and professional fire-fighters. During fiscal year 2021, regular full-time employees received a 7% contribution, executive employees received 19%, 17%, or 15% respectively, and professional fire-fighters received a 16% contribution based on each employee's total salary. At the end of fiscal year 2021, there were 231 regular full-time employee participants and 155 professional fire-fighters. Employer contributions to the plan for the fiscal year 2021 totaled \$788,000 for the regular full-time employees and \$1,561,000 for the professional fire-fighters. In addition to the employer contribution, there is an employer match as follows: up to 3% for those non-emergency staff who participate in either of the 457(b) plans with contributions from the employee to those 457(b) plans of at least 3% and up to 1% for those emergency personnel per collective bargaining

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

agreement who participate in either of the 457(b) plans with contributions from the employee to those 457(b) plans of at least 1%. Employer match contributions for the fiscal year 2021 totaled \$197,000 for the regular full-time employees and \$219,000 for the professional fire-fighters. Employees are fully vested in the plan when employed full-time for 1 full fiscal year and upon termination of employment will receive 100% of the contributions made on their behalf. If employment is terminated prior to an employee becoming fully vested, they will receive 0% of the contributions made on their behalf. Any amounts forfeited by employees are distributed annually to the remaining members of the plan on a proportional basis. The plan can only be amended with the approval of the District Board of Supervisors and in the case of the professional fire-fighters; the IAFF Local 4770 must approve changes to the Collective Bargaining Agreement regarding pension contributions. ICMA was closed to new entrants and deferral contributions as of August 2018.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make various estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures/expenses during the reporting period. Some of these estimates include assessing the collectability of the receivables, the useful lives of capital assets and the collectability of the liabilities. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they could ultimately differ from actual results.

Date of Management's Review

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

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

The District invests its operating cash solely in Qualified Public Depositories which meet the requirements of Chapter 280, Florida Statutes "Florida Security for Public Deposits Act". In addition to protection of up to \$250,000 for its deposits with a single bank as provided by the Federal Deposit Insurance Corporation (FDIC), the District's deposits are provided the extra level of security afforded by using a public depository

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

which meets the requirements of Chapter 280. This includes the provision by the public depository of collateral based on the amount of public deposits maintained at the institution and the ability of the State of Florida to levy other public depositories for shortages in collateral in the event of the failure of a public depository. Citizens First Bank is a Qualified Public Depository.

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

<u>Cash and Cash Equivalents</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Citizens First Bank demand deposits	3,791,618	1.0	n/a
Fl Cooperative Liquid Assets Securities System, FLCLASS	54,066,614	47.0	AAAm
Fl Public Assets for Liquidity Management (FL PALM)	9,990,302	53.0	AAAm
US Bank - State Board of Administration, Florida Prime TM	17,431,466	49.0	AAAm
Total Fair Value	\$ <u>85,280,000</u>		
Portfolio Weighted Average Maturity (WAM)		46.1	

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

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

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

<u>Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
Florida Fixed Income Trust, FLFIT	\$ 18,686,158	0.58	AAAf1/S1
Florida Local Government Investment Trust	22,865,120	2.10	AAAf/S1
Vanguard Short-Term Bond ETF	11,865,588	2.80	Aaa/Aa/A/Baa
PFM Multi-Manager Domestic Equity Fund	6,833,763	n/a	n/a
PFM Multi-Manager International Equity Fund	3,673,093	n/a	n/a
Cohen & Steers Inst Realty Shares	258,379	n/a	n/a
Principal RE Securities Inst Fund	262,318	n/a	n/a
SPDR Blmbg Barclays Convert Secs ETF	529,853	n/a	n/a
PFM Multi-Manager Fixed Income Fund	5,131,688	8.00	AA
iShares Preferred and Income Securities EFT	533,017	n/a	n/a
PIMCO Commodity Real Return Strategy	373,068	n/a	n/a
Cash Equivalent	41,800	n/a	n/a
Total Investments	\$ <u>71,053,845</u>		
Portfolio Weighted Average Maturity (WAM)		1.87	

The District participates in the following external investment pools:

The State Board of Administration for participation in the Local Government Investment Pool (Florida PRIME™) created by Section 218.415, Florida Statutes is an investment pool that operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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Florida PRIME™, a qualified external investment pool, meet the requirements of GASB Statement No. 79 and are reported at amortized cost.

Florida Public Assets for Liquidity Management (FL PALM) is a fund whose objectives are to provide participants with the highest possible investment yield while it maintains liquidity and preserves capital, and maintains a stable NAV. The fund meets the requirements of GASB Statement No. 79 and is reported at amortized cost.

The Florida Local Government Investment Trust (the Trust) is administered by a Board of Trustees appointed by the Florida Association of Court Clerks and County Comptroller, and the Florida Association of Counties, Inc. The Trust was created to provide a means for public entities to pool surplus funds to maximize net earnings certificates of deposit. The District's investment in the Trust Short-Term Bond Fund does not meet the requirements of GASB Statement No. 79 and is valued at variable Net Asset Value (NAV), which approximates fair value.

The Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool designed to provide a safe and competitive investment alternative for Florida governmental entities. FLCLASS does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.

Florida Fixed Income Trust Enhanced Cash Pool is a Series Trust designed to provide liquid solutions to local governments of Florida. The funds objective is to provide liquidity and preservation of capital while providing current income consistent with low volatility of net asset value. The fund does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.

The Vanguard Group is an independent investment advisor and large provider of exchange-traded funds (ETFs). The Short-Term Bond ETF Fund objective is to diversify exposure to the short-term investment-grade U.S. bond market, providing current income with high credit quality. The fund does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.

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

The valuation measurement levels are defined below:

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

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

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

	Total	Level 1	Level 2	Level 3
Investment by fair value level:				
PFM Multi-Manager Domestic Equity Fund	\$ 6,833,763	\$ -	\$ 6,833,763	\$ -
PFM Multi-Manager International Equity Fund	3,673,093	-	3,673,093	-
Cohen & Steers Inst Realty Shares	258,379	-	258,379	-
Principal RE Securities Inst Fund	262,318	-	262,318	-
SPDR Blmbg Barclays Convert Secs ETF	529,853	-	529,853	-
PFM Multi-Manager Fixed Income Fund	5,131,688	-	5,131,688	-
iShares Preferred and Income Securities EFT	533,017	-	533,017	-
PIMCO Commodity Real Return Strategy	373,068	-	373,068	-
Totals	<u>\$ 17,595,179</u>	<u>\$ -</u>	<u>\$ 17,595,179</u>	<u>\$ -</u>

Management of the following investment risks are addressed below:

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

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Weighted Average Maturity (WAM) method. A weighted average takes into account both the timing and the amounts of the maturities. The District manages its exposure to decline in fair values by limiting the WAM of its investment portfolio to less than three (3) years.

- Foreign currency risk is the risk of loss from a reduction in value affected by changes in the rate of exchange. The District's investment policies do not allow for direct investments in foreign currency.

NOTE 3 –RECEIVABLES AND PAYABLES

Receivables

Accounts Receivable The accounts receivable balance for governmental activity and business-type activities was \$817,000 and \$5,692,000 as of September 30, 2021 respectively. Business-type receivables include outstanding amounts owed from residents for utility services and amenity fees. Governmental receivables includes primarily miscellaneous accounts receivable.

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

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

The accounts receivable is shown net of the allowance for doubtful account totaling \$1,028,000 as of September 30, 2021.

Payables

Accounts Payable As of September 30, 2021, a total \$4,996,000 is due to trade vendors in the normal course of business. This balance is expected to be repaid shortly after year-end from available current assets and next year funding.

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

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

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NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Assets not being depreciated:				
Land	\$ 1,427,519	372,582	-	1,800,101
Construction in progress	2,613,108	410,688	(3,019,960)	3,836
Total assets not being depreciated	<u>4,040,627</u>	<u>783,270</u>	<u>(3,019,960)</u>	<u>1,803,937</u>
Assets being depreciated:				
Building	5,185,884	2,007,432	-	7,193,316
Furniture & fixtures	14,361,904	3,013,994	(117,437)	17,258,461
Infrastructure	1,136,654	776,275	-	1,912,929
Leasehold improvements	527,123	-	-	527,123
Total assets being depreciated	<u>21,211,565</u>	<u>5,797,701</u>	<u>(117,437)</u>	<u>26,891,829</u>
Total assets	<u>25,252,192</u>	<u>6,580,971</u>	<u>(3,137,397)</u>	<u>28,695,766</u>
Less accumulated depreciation for:				
Building	(1,098,281)	(203,393)	-	(1,301,674)
Furniture & fixtures	(7,286,583)	(1,191,682)	113,980	(8,364,285)
Infrastructure	(244,974)	(87,373)	-	(332,347)
Leasehold improvements	(208,997)	(22,409)	-	(231,406)
Total accumulated depreciation	<u>(8,838,835)</u>	<u>(1,504,857)</u>	<u>113,980</u>	<u>(10,229,712)</u>
Governmental activities capital assets, net	<u>16,413,357</u>	<u>5,076,114</u>	<u>(3,023,417)</u>	<u>18,466,054</u>
	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business activities:				
Assets not being depreciated:				
Land	10,214,216	-	-	10,214,216
Construction in progress	1,250,323	3,292,000	(475,606)	4,066,717
	<u>11,464,539</u>	<u>3,292,000</u>	<u>(475,606)</u>	<u>14,280,933</u>
Assets being depreciated:				
Buildings and structures	69,616,230	621,300	-	70,237,530
Infrastructure	113,044,448	1,165,767	-	114,210,215
Furniture & fixtures	4,526,378	549,084	(141,432)	4,934,030
Total assets being depreciated	<u>187,187,056</u>	<u>2,336,151</u>	<u>(141,432)</u>	<u>189,381,775</u>
Total assets	<u>198,651,595</u>	<u>5,628,151</u>	<u>(617,038)</u>	<u>203,662,708</u>
Less accumulated depreciation for:				
Buildings and structures	(31,427,594)	(1,922,984)	-	(33,350,578)
Infrastructure	(59,395,044)	(4,080,707)	-	(63,475,751)
Furniture & fixtures	(2,135,531)	(251,986)	124,345	(2,263,172)
Total accumulated depreciation	<u>(92,958,169)</u>	<u>(6,255,677)</u>	<u>124,345</u>	<u>(99,089,501)</u>
Business activities capital assets, net	<u>105,693,426</u>	<u>(627,526)</u>	<u>(492,693)</u>	<u>104,573,207</u>
Total capital assets governmental and business activities:	<u>\$ 122,106,783</u>	<u>4,448,588</u>	<u>(3,516,110)</u>	<u>123,039,261</u>

Net capital purchases for governmental activities totaled \$3,558,000 and \$5,135,000 for business activity. Depreciation expense of \$1,505,000 and \$6,256,000 was recognized during the year in governmental activity and business activity respectively.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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September 30, 2021

NOTE 5 – INTANGIBLE ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
RAD:				
Discounted value of amenity fees	\$ 178,818,649	-	-	178,818,649
Less accumulated amortization	<u>(87,299,557)</u>	<u>(4,517,482)</u>	<u>-</u>	<u>(91,817,039)</u>
Intangible assets, net	<u>91,519,092</u>	<u>(4,517,482)</u>	<u>-</u>	<u>87,001,610</u>
LSSA:				
Discounted value of utilities charges	43,338,051	-	-	43,338,051
Less accumulated amortization	<u>(18,414,700)</u>	<u>(1,083,452)</u>	<u>-</u>	<u>(19,498,152)</u>
Intangible assets, net	<u>24,923,351</u>	<u>(1,083,452)</u>	<u>-</u>	<u>23,839,899</u>
Business-type activities total:				
Discounted value of amenity fees	178,818,649	-	-	178,818,649
Discounted value of utilities charges	43,338,051	-	-	43,338,051
Less accumulated amortization	<u>(105,714,257)</u>	<u>(5,600,934)</u>	<u>-</u>	<u>(111,315,191)</u>
Intangible assets, net	<u>\$ 116,442,443</u>	<u>(5,600,934)</u>	<u>-</u>	<u>110,841,509</u>

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NOTE 6 – LONG- TERM DEBT

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

Recreation Amenities Division Bonds:

\$172,425,000 Taxable Recreational Revenue Refunding Bonds, Series 2014 due in annual principal installments ranging from \$3,320,000 to \$11,595,000 through November 2036 in accordance with the redemption schedule. Interest is due semi-annually on May 1 and November 1 of each year until redemption or maturity. Interest rates range from 4.156% to 5.015%. \$ 125,675,000

VCSA Utility Revenue Bonds

\$14,320,000 Utility Revenue Refunding Bonds, Series 2014A due in annual principal installments ranging from \$1,610,000 to \$1,810,000 through October 2023 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rate is 3.956%. 5,225,000

LSSA Utility Revenue Bonds

\$70,300,000 Utility Revenue Bonds, Series 2014B due in annual principal installments ranging from \$2,390,000 to \$4,955,000 through October 2036 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rates range from 4.156% to 5.015%. 56,815,000

Total revenue bonds payable	\$ 187,715,000
Less current installment of revenue bonds payable	<u>(10,190,000)</u>
Revenue bonds payable less current installments	<u>\$ 177,525,000</u>

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2022	10,190,000	8,705,579	18,895,579
2023	10,615,000	8,276,666	18,891,666
2024	11,065,000	7,829,705	18,894,705
2025	9,655,000	7,400,954	17,055,954
2026	10,065,000	6,960,977	17,025,977
2027-2031	53,065,000	27,916,265	80,981,265
2032-2036	66,510,000	12,808,310	79,318,310
2037	16,550,000	414,991	16,964,991
Total	<u>\$ 187,715,000</u>	<u>80,313,446</u>	<u>268,028,446</u>

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Governmental activities:				
Compensated absences	\$ 1,292,138	-	(32,844)	1,259,294
Other post-employment benefits	1,221,118	178,553	-	1,399,671
Governmental activities long-term debt	<u>2,513,256</u>	<u>178,553</u>	<u>(32,844)</u>	<u>2,658,965</u>
Business-type activities:				
Bonds payable				
RAD	131,455,000	-	(5,780,000)	125,675,000
VCSA Water and Sewer	6,835,000	-	(1,610,000)	5,225,000
LSSA Water and Sewer	59,205,000	-	(2,390,000)	56,815,000
Total business-type activities long-term liabilities	<u>197,495,000</u>	<u>-</u>	<u>(9,780,000)</u>	<u>187,715,000</u>
Total debt	<u>\$ 200,008,256</u>	<u>178,553</u>	<u>(9,812,844)</u>	<u>190,373,965</u>

Debt Covenants and Pledged Revenues

The District has pledged certain amenities fee and water and sewer revenue to pay the principal and interest on Recreational Revenue and Utility Revenue Bonds issued to pay for the purchase of recreational and water and sewer utility facilities from the Developer. These Recreational and Utility Revenue Bonds were outstanding on September 30, 2021, as shown below. The table below reports the revenues pledged for each debt issue, the amounts of revenue received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, and

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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the date through which the revenue is pledged under the debt agreement and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds as of September 30, 2021.

<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percent Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Business type funds					
Amenities Fee Revenue and Other Income of RAD Fund	\$ 43,960,953	\$ 11,809,498	26.86%	180,552,589	2036
Water and Sewer Revenue, VCSA Fund	7,494,843	1,816,701	24.24%	5,540,392	2023
Water and Sewer Revenue, LSSA Fund	11,859,164	5,106,480	43.06%	81,935,465	2036

NOTE 7 – RELATED PARTIES

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
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The total expense per District is outlined below:

	Management Fees	Deed Compliance	Recreation Fees	Property Management	Customer Service	Safety Fees	Community Watch	Totals
SLCDD	\$ 3,316,734	\$ -	\$ 6,903,189	\$ 1,388,549	\$ 665,101	\$ -	\$ 4,350,927	\$ 16,624,500
VCCDD	2,881,745	109,648	3,166,375	988,155	342,628	1,090,192	1,993,709	10,572,452
NSCUDD	1,275,812	-	-	-	-	2,188,904	-	3,464,716
Brownwood	198,369	-	-	-	-	-	-	198,369
District #1	172,593	41,593	-	-	-	-	-	214,186
District #2	184,300	44,830	-	-	-	-	-	229,130
District #3	200,031	37,691	-	-	-	-	-	237,722
District #4	273,084	70,148	-	-	-	-	-	343,232
District #5	191,811	69,576	-	-	-	-	-	261,387
District #6	195,194	61,201	-	-	-	-	-	256,395
District #7	167,886	36,367	-	-	-	-	-	204,253
District #8	181,923	72,147	-	-	-	-	-	254,070
District #9	178,030	59,678	-	-	-	-	-	237,708
District #10	190,471	92,610	-	-	-	-	-	283,081
District #11	130,478	-	-	-	-	-	-	130,478
District #12	187,244	-	-	-	-	-	-	187,244
District #13	125,227	-	-	-	-	-	-	125,227
Totals	<u>\$ 10,050,932</u>	<u>\$ 695,489</u>	<u>\$ 10,069,564</u>	<u>\$ 2,376,704</u>	<u>\$ 1,007,729</u>	<u>\$ 3,279,096</u>	<u>\$ 6,344,636</u>	<u>\$ 33,824,150</u>

The District has purchased from the Developer classified advertising, building rents, management services, and repair services for \$1,743,000. In addition, the District purchased IT-related services from the Developer totaling \$1,518,000, golf management services totaling \$1,302,000, for items and services purchased or paid for by the Developer on behalf of the District.

The District purchased water, waste water, and irrigation water, paying rates approved by the Public Service Commission, from companies affiliated with the Developer for \$10,000. The District paid NSCUDD a total \$219,000 for reclaimed water services. The District paid bank fees to a bank affiliated with the Developer in the amount of \$7,000 and maintained demand deposit accounts with the same bank based on a compensating balance agreement.

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

The Developer purchased from the District certain management, deed compliance, tech, recreation, property management and community watch services totaling \$3,132,000.

The District is governed by a five-member Board of Supervisors. As of September 30, 2021, all five members of the Board of Supervisors are employees of, or affiliated with, the Developer.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE 8 – RISK MANAGEMENT

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Operating Leases

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

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

	Buildings	Vehicles	Equipment	Total
Year ending September 30,				
2022	\$ 1,333,158	\$ 401,617	\$ 45,144	\$ 1,779,919
2023	1,398,112	236,763	45,144	1,680,019
2024	692,382	209,603	45,144	947,129
2025	739,731	158,413	7,524	905,668
2026	732,764	68,685	-	801,449
Thereafter	4,461,403	-	-	4,461,403
Total Lease Obligations	<u>\$ 9,357,550</u>	<u>\$ 1,075,081</u>	<u>\$ 142,956</u>	<u>\$ 10,575,587</u>

NOTE 9 – LITIGATION SETTLEMENT AGREEMENT AND AMENITY AUTHORITY COMMITTEE (AAC)

As part of the litigation settlement agreement between the District, The Villages of Lake Sumter, and Villages residents, an initial payment of \$11,886,000 in cash was received in April 2008. In addition, a total of \$28,021,000 in further payments is due each December until 2021. The Villages of Lake Sumter provided the District an annuity contract which was held as an investment valued at \$13,110,000 to cover the last eight years of this settlement requirement. All six annual payments from the Developer have now been received. The District received the eighth and final payment of \$166,700 from the annuity contract this year.

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE 11 – OTHER POST EMPLOYEE BENEFITS (OPEB) OBLIGATIONS

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

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

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

Description	Amount
Service Cost	\$ 154,518
Interest on total OPEB Plan Liability	30,402
Difference between Expected and Actual Experience	(6,344)
Implicit Rate Study	(23)
Benefit Payment	-
Net Change in OPEB Plan Liability	\$ 178,553
Net OPEB Liability, Beginning Balance	1,221,118
Net OPEB Liability, Ending Balance	\$ 1,399,671
Net OPEB liability as a % of Covered Payroll	4.60%

Funded Status and Funding Progress As of September 30, 2021, the total OPEB Plan liability was \$1,400,000, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was estimated to be \$30,177,000, and the ratio of the total OPEB Plan liability to the covered payroll was 4.60%.

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

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

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

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

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

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

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

Inflation	2.50%
Salary Increases	2.50%

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

Administrative expenses are included in the claims rates.

Discount Rate There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 2.26% (based on the daily rate closest to but not later than the measurement date of the “Fidelity General Obligation AA Index”). The discount rate was 2.26% as of the beginning of the measurement period.

The District’s annual OPEB expense, net of current recognized deferred amounts totaled \$152,000 for the fiscal year ended September 30, 2021. At September 30, 2021, the District reported deferred inflows of resources and deferred outflows of resources related to the OPEB Plan liability from the following source

Description	Deferred Outflow of Resources
Change of Assumptions - FY 2019	\$ 180,846
Change of Assumptions - FY 2020	79,199
	260,045
	Deferred Inflow of Resources
Change of Assumptions - FY 2018	\$ (53,060)
Change of Assumptions - FY 2021	(5,728)
	\$ (58,788)

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

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

<u>Fiscal Year Ending September 30,</u>	<u>Amortization</u>
2022	\$ 9,038
2023	9,038
2024	9,038
2025	9,038
2026	9,038
Thereafter	13,598
	<u>\$ 58,788</u>

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

<u>Fiscal Year Ending September 30,</u>	<u>Amortization</u>
2022	\$ 34,315
2023	34,315
2024	34,316
2025	34,316
2026	34,316
Thereafter	88,467
	<u>\$ 260,045</u>

Sensitivity of the District’s Total OPEB Plan Liability to Changes in the Discount Rate The following presents the District’s OPEB Plan liability calculated using the discount rate of 2.26%, as well as what the OPEB Plan liability would be if it were calculated using a discount rate which is 1-percentage-point lower (1.26%) or 1-percentage-point higher (3.26%) than the current rate:

	<u>1% Decrease in Discount Rate 1.26%</u>	<u>1% Decrease in Discount Rate 2.26%</u>	<u>1% Decrease in Discount Rate 3.26%</u>
OPEB Plan Liability	\$ 1,803,176	\$ 1,399,671	\$ 1,099,452

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

	<u>1% Decrease</u>	<u>Healthcare Medical Trend Rate Assumption</u>	<u>1% Increase</u>
Entry Age Normal Total OPEB Liability \$	1,070,994	\$ 1,399,671	\$ 1,864,475

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year-ended September 30, 2021, the District implemented Statement No. 84 of the Governmental Accounting Standards Board (GASB), Fiduciary Activities. The implementation of the statement established criteria for identifying fiduciary activities for all local governments. The requirements of this Statement will enhance consistency and comparability and enhances the value provided by the information reported in financial statement for assessing governmental accountability and stewardship.

Fiduciary activities are reported in the fiduciary fund financial statement of the basic financial statement, and include the Fiduciary Statement of Net Position and the Statement of Changes in Fiduciary Net Position. The statement of fiduciary net position is used to report the assets, liabilities, and fiduciary net position of custodial funds. The statement of changes in fiduciary net position is used to report additions to and deductions from custodial funds.

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

Liabilities, under GASB Statement 84 are recognized differently for custodial funds. Liabilities are recognized when an event has occurred that compels the government to disburse the resources held in a fiduciary capacity in the custodial funds. If further action, authorization, or condition is required to compel the District to disburse the funds at year-end, the amounts are reported as net position. GASB 84 requires that changes adopted to conform to the provisions of the statement be applied retroactively by restating the financial statement. The District has restated the beginning net position in the Statement of Fiduciary Net Position as a result in the change in recognition of liabilities as follows:

Agency funds, net position, as of September 30, 2020	\$ -
Restatement due to the implementation of GASB 84	<u>69,624</u>
Custodial funds, net position, as restated, as of September 30, 2020	<u><u>69,624</u></u>

**VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

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

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

Changes in assumptions and other inputs include the change in the discount rate from 2.66% as of the beginning of the measurement period to 2.26% as of the end of the measurement period. This change is reflected in the Schedule of Changes in Total OPEB Plan Liability.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 154,518	\$ 135,667	\$ 114,713	\$ 80,229
Interest on Total OPEB Plan Liability	30,402	28,278	28,790	22,946
Difference between Expected and Actual Experience	(6,344)	98,283	255,166	(86,748)
Benefit Payment	-	-	(8,204)	-
Implicit Rate Study	<u>(23)</u>	<u>(23)</u>	<u>81</u>	<u>81</u>
Net Change in Total OPEB Plan Liability	178,553	262,205	390,546	16,508
Total OPEB Plan Liability, Beginning	<u>1,221,118</u>	<u>958,913</u>	<u>568,367</u>	<u>551,859</u>
Total OPEB Plan Liability, Ending	<u>\$ 1,399,671</u>	<u>\$ 1,221,118</u>	<u>\$ 958,913</u>	<u>\$ 568,367</u>
Total OPEB Plan Liability	\$ 1,399,671	\$ 1,221,118	\$ 958,913	\$ 568,367
Covered- Employee Payroll	\$ 30,177,000	\$ 27,650,000	\$ 25,250,000	\$ 26,202,000
Total OPEB Plan Liability as a Percentage of Covered-Employee Payroll	4.6%	4.4%	3.8%	2.2%

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

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

Board of Supervisors
Village Center Community Development District
The Villages, Florida

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

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



February 1, 2022
Ocala, Florida

MANAGEMENT LETTER

Board of Supervisors
Village Center Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the financial statements of Village Center Community Development District (the District) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 1, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 1, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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MANAGEMENT LETTER

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. There are no current year recommendations.

Special Districts

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

Additional Matters

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

Purpose of this Letter

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

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



February 1, 2022
Ocala, Florida

**Village Center Community Development District
Attachment to the Management Letter
For the Year Ending September 30, 2021**

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

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

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 1,170 paid 9-24-21.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 33 (September 2021)
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,159,684 (for the pay period paid 9-24-21)
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$14,256 (in September 2021).
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as SEE ATTACHED (provide list).
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as _____. ***This is discussed in the "General Fund Budgetary Highlight" section of the Management Discussion and included as a "Budget to Actual" statement in the "Basic Financial Statements".***

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

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

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

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

Specific Information (For an independent special district that imposes non-ad valorem special assessments)

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

- a. The rate or rates of non-ad valorem special assessments imposed by the District as \$124 per residence.
- b. The total amount of special assessments collected by or on behalf of the district as \$18,918,615.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as \$187,715,000.

**FY 2020-21
Capital Expenditure Summary > \$65,000**

	PROJECT	FY 20/21
Location	Description	Capital >\$65,000
VCCDD		
STATION 45	AERIAL APPARATUS	919,790.04
DISTRICT MANAGEMENT	BS&A FINANCIAL MGMT SOFTWARE	406,852.00
SILVER LAKE	GOLF COURSE RENOVATION	329,234.12
EL DIABLO	PUMP STATION OVERHAUL	184,079.87
STATION 43	RESCUE APPARATUS & EQUIPMENT	150,039.79
H.G. SEYMOUR	Mill & Overlay	139,576.50
LA REINA	Mill & Overlay	121,206.60
MULBERRY	SHADE STRUCTURE	96,686.76
PLANT SITE	GARAGE CONVERSION & HVAC	95,198.09
STATION 44	VEHICLE EXHAUST SYSTEM-STATION 44	77,070.00
WATER SYSTEM	PROGRAMMABLE LOGIC COMPUTER PROGRAM	69,576.25
CHULA VISTA	TEES 1-9 RENOVATION-CHULA VISTA	65,519.05
VCSA WATER TREATMENT	BLOWER NO. 3 PANEL AND MAIN IMPR.	329,497.48
LINDSEY LANE	LINDSEY LANE PHASE 2	192,672.99
BRIARWOOD/WALNUT GROVE	PUMP REPL (MC-9)	181,093.00
VCSA UNIT 1 & 2	GRAVITY SEWER ASSESSMENT/PLAN	136,115.88
LSSA	VALVE REPLACEMENT PROGRAM	121,295.51
DISTRICT MANAGEMENT	ASSET MANAGEMENT & GIS DEVELOPMENT	114,477.48
VCSA	VALVE REPLACEMENT PROGRAM	77,419.57
	VCCDD Total	3,807,400.98

**Village Center Community Development District
 Florida Auditor General Request - May 5, 2022
 FYE September 30, 2021**

Special Assessment Rate:	
Sumter Fire MSBU assessment rate per Residence	\$ 124
Special Assessments Collected	
Department of Public Safety - Fire Assessments	\$ 18,918,615
Outstanding Bonds issued by the District and their terms	
Recreation Amenities Division Bonds:	
\$172,425,000 Taxable Recreational Revenue Refunding Bonds, Series 2014 due in annual principal installments ranging from \$3,320,000 to \$11,595,000 through November 2036 in accordance with the redemption schedule. Interest is due semi-annually on May 1 and November 1 of each year until redemption or maturity. Interest rates range from 4.156% to 5.015%.	\$ 125,675,000
VCSA Utility Revenue Bonds	
\$14,320,000 Utility Revenue Refunding Bonds, Series 2014A due in annual principal installments ranging from \$1,610,000 to \$1,810,000 through October 2023 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rate is 3.956%.	5,225,000
LSSA Utility Revenue Bonds	
\$70,300,000 Utility Revenue Bonds, Series 2014B due in annual principal installments ranging from \$2,390,000 to \$4,955,000 through October 2036 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rates range from 4.156% to 5.015%.	56,815,000
Total revenue bonds payable	\$ 187,715,000
Less current installment of revenue bonds payable	(10,190,000)
Revenue bonds payable less current installments	\$ 177,525,000

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

Board of Supervisors
Village Center Community Development District
The Villages, Florida

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

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

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

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

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



February 1, 2022
Ocala, Florida

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Supervisors
Village Center Community Development District
The Villages, Florida

Report on Compliance for Each Major Federal Program

We have audited the Village Center Community Development District (the District), a local government Special District, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2021. The District's major federal program is identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

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Village Center Community Development District
The Villages, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



February 1, 2022
Ocala, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT - THE VILLAGES, FLORIDA**

Grantor/Pass-Through Agency(ies) Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures
<u>Federal Awards</u>				
U.S. Department of Homeland Security				
<i>Passed Through Federal Emergency Management Agency</i>				
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2019-FF-01159	97.083	\$ 6,521,958	<u>\$ 1,271,770</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,271,770</u></u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT - THE VILLAGES, FLORIDA**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village Center Community Development District (the District) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

Note 2 - Indirect Cost Rate

The District has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance, if necessary. The District did not utilize this option during the year.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE
VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT - THE VILLAGES, FLORIDA**

Summary of Auditor's Results

Financial Statements

Type of Audit Report Issued on Financial Statements:	Unmodified Opinion
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Significant deficiency identified?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material weakness identified?	No
Significant deficiency identified?	No
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)?	No
Identification of Major Program:	
Federal Program or Cluster:	Assistance Listing No.
Department of Homeland Security	
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee qualified as a low-risk auditee pursuant to the Uniform Guidance?	No

Other Issues

The following statements, as applicable to the situation, may be required in the schedule of findings and questioned costs:

- (a) No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.