

SWI COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

**SWI COMMUNITY DEVELOPMENT DISTRICT
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SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors,
SWI Community Development District:

Opinions

We have audited the financial statements of the governmental activities and each major fund of the SWI Community Development District (the District), as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general and special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the 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.

Substantial Doubt About the District's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note (9) to the financial statements, the entity has been unable to generate user fee revenues sufficient to cover its ongoing debt services requirements and substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note (9). The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2023, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Daytona Beach, Florida
May 19, 2023

James Moore & Co., P.L.

SWI Community Development District Management's Discussion and Analysis

As management of the SWI Community Development District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2022.

Financial Highlights

- The liabilities of the SWI Community Development District exceeded its assets at the close of the 2022 fiscal year by \$10,081,709 (net position). Of this amount, \$9,887,277 is net investment in capital assets.
- The District's total long-term liabilities decreased by \$185,000 during the 2022 fiscal year. This reflects the repayment of outstanding balances for bonds, notes and capital leases. The District paid interest expenditures of \$526,617.

Overview of the Financial Statements

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

Government-wide financial statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The governmental activities of the District include general government. The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements

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

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 2 individual governmental funds, including the General Fund and Debt Service Fund. The General Fund and Debt Service Fund are reported as major funds.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 12-15 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 to the financial statements can be found on pages 16-22 of this report.

Government-wide Financial Analysis

The following is a summary of the District's governmental activities net position for each of the past two years:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
ASSETS			
Current and other assets	\$ 507,012	\$ 373,747	\$ 133,265
Capital assets, net	5,369,002	5,782,003	(413,001)
Total assets	<u>\$ 5,876,014</u>	<u>\$ 6,155,750</u>	<u>\$ (279,736)</u>
LIABILITIES			
Current liabilities	\$ 891,444	\$ 1,267,293	\$ (375,849)
Other liabilities	15,066,279	15,256,279	(190,000)
Total liabilities	<u>\$ 15,957,723</u>	<u>\$ 16,523,572</u>	<u>\$ (565,849)</u>
NET POSITION			
Net investment in capital assets	\$ (9,887,277)	\$ (9,659,276)	\$ (228,001)
Unrestricted	(194,432)	(708,546)	514,114
Total net position	<u>\$ (10,081,709)</u>	<u>\$ (10,367,822)</u>	<u>\$ 286,113</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$(10,081,709) at the close of the 2022 fiscal year. By far the largest portion of the District's net position (98.22% percent) reflects its investment in capital assets (infrastructure), less any related debt used to acquire those assets that are still outstanding.

The following is a summary of the changes in the District's governmental activities net position for each of the past two years:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 696,896	\$ 614,483	\$ 82,413
Grants and contributions	63,085	50,796	12,289
Investment earnings	1,595	-	1,595
Total revenues	<u>\$ 761,576</u>	<u>\$ 665,279</u>	<u>\$ 96,297</u>
Expenses:			
General government	\$ 469,086	\$ 470,031	\$ (945)
Interest	526,617	518,336	8,281
Total expenses	<u>\$ 995,703</u>	<u>\$ 988,367</u>	<u>\$ 7,336</u>
Change in net position	\$ (234,127)	\$ (323,088)	\$ 88,961
Net position, beginning	<u>(10,367,823)</u>	<u>(10,044,735)</u>	<u>(323,088)</u>
Net position, ending	<u>\$ (10,601,950)</u>	<u>\$ (10,367,823)</u>	<u>\$ (234,127)</u>

Governmental activities

Governmental activities decreased the District's net position by \$(286,113). This amount is primarily attributable to decreases in general revenues including developer contributions and user fee revenues.

- The District's total revenues related to governmental activities increased by \$96,296 from the prior year. Factors that contributed to a decrease in revenues are an increase in user fee collections.
- Expenses related to governmental activities decreased by \$7,864 from the prior year. This is related primarily to a decrease in interest expenses related to debt.

Governmental funds

As of the end of the fiscal year 2022, the District's governmental funds reported combined ending fund balances of \$(15,439), a decrease of \$495,667 in comparison with the prior year.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental funds as of September 30, 2022, amounts to \$5,369,002 (net of accumulated depreciation). This represents a net decrease of \$413,001. The District had no projects under construction at the end of 2022.

The following summarizes the District's capital assets as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Grading and stormwater management	\$ 10,151,121	\$ 10,151,121	\$ -
Roadway and transportation	173,893	173,893	-
Total, prior to depreciation	<u>10,325,014</u>	<u>10,325,014</u>	-
Accumulated depreciation	<u>(4,956,012)</u>	<u>(4,543,011)</u>	<u>(413,001)</u>
Net capital assets	<u>\$ 5,369,002</u>	<u>\$ 5,782,003</u>	<u>\$ (413,001)</u>

Additional information on the District's capital assets can be found in Note (4) beginning on page 20 of this report.

Long-term Debt. At the end of the 2022 fiscal year, the District had total bonded debt and notes payable principal outstanding of \$15,256,279

The following summarizes the District's long-term debt as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Series 2017	\$ 13,445,000	\$ 13,630,000	\$ (185,000)
Deferred Obligation	1,811,279	1,811,279	-
Total long-term liabilities	<u>\$ 15,256,279</u>	<u>\$ 15,441,279</u>	<u>\$ (185,000)</u>

The District's long-term liabilities decreased by \$185,000 during the current fiscal year. This decrease was attributable to repayment of the Series 2017 bond.

Additional information on the District's long-term liabilities can be found in Note (5) beginning on page 21 of this report.

Other Factors

SWI Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Budgeted developer contributions and user fee revenues for fiscal year 2022 were established to provide for the operations of the district as well as the necessary debt service requirements.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the SWI Community Development District's management company at 3501 Quadrangle Blvd., Suite 270, Orlando, Florida 32817.

BASIC FINANCIAL STATEMENTS

**SWI COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 428,330
Receivables, net	54,331
Due from developer	23,339
Prepays	1,012
Capital assets:	
Other capital assets, net of depreciation	5,369,002
Total assets	\$ 5,876,014
LIABILITIES	
Accounts payable and accrued liabilities	\$ 5,559
Due to developer	480,000
Unearned revenue	6,014
Accrued interest payable	209,871
Noncurrent liabilities:	
Due within one year:	
Bonds and notes payable	190,000
Due in more than one year:	
Bonds and notes payable	15,066,279
Total liabilities	\$ 15,957,723
NET POSITION	
Net investment in capital assets	\$ (9,887,277)
Unrestricted	(194,432)
Total net position	\$ (10,081,709)

The accompanying notes to financial statements are an integral part of this statement.

**SWI COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 469,086	\$ 696,896	\$ 63,085	\$ -	\$ 290,895
Interest on long-term debt	526,617	-	-	-	(526,617)
Total governmental activities	<u>995,703</u>	<u>696,896</u>	<u>63,085</u>	<u>-</u>	<u>(235,722)</u>
General revenues:					
Investment earnings					1,595
Miscellaneous revenues					520,240
Total general revenues and transfers					<u>521,835</u>
Change in net position					286,113
Net position - beginning of year					(10,367,822)
Net position - ending of year					<u><u>\$ (10,081,709)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**SWI COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,065	\$ 424,265	\$ 428,330
Receivables, net	-	54,331	54,331
Due from developer	23,339	-	23,339
Prepaid items	1,012	-	1,012
Total assets	<u>\$ 28,416</u>	<u>\$ 478,596</u>	<u>\$ 507,012</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 5,559	\$ -	\$ 5,559
Unearned revenue	6,014	-	6,014
Due to developer	-	480,000	480,000
Total liabilities	<u>11,573</u>	<u>480,000</u>	<u>491,573</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	1,012	-	1,012
Unassigned	15,831	(1,404)	14,427
Total fund balances	<u>16,843</u>	<u>(1,404)</u>	<u>15,439</u>
Total liabilities and fund balances	<u>\$ 28,416</u>	<u>\$ 478,596</u>	<u>\$ 507,012</u>

The accompanying notes to financial statements are an integral part of this statement.

**SWI COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balances - total governmental funds		\$ 15,439
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Total governmental capital assets	10,325,014	
Less: accumulated depreciation	<u>(4,956,012)</u>	5,369,002
<p>Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:</p>		
Bonds and notes payable	(15,256,279)	
Accrued interest payable	<u>(209,871)</u>	(15,466,150)
Net position of governmental activities		<u><u>\$ (10,081,709)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**SWI COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Developer contributions	\$ 63,085	\$ -	\$ 63,085
User fee revenues	-	696,896	696,896
Investment income	-	1,595	1,595
Miscellaneous	-	520,240	520,240
Total revenues	<u>63,085</u>	<u>1,218,731</u>	<u>1,281,816</u>
Expenditures			
Current:			
General government	56,085	-	56,085
Debt service:			
Principal retirement	-	185,000	185,000
Interest and fiscal charges	-	529,625	529,625
Total expenditures	<u>56,085</u>	<u>714,625</u>	<u>770,710</u>
Excess (deficiency) of revenues over expenditures	<u>7,000</u>	<u>504,106</u>	<u>511,106</u>
Net change in fund balances	<u>7,000</u>	<u>504,106</u>	<u>511,106</u>
Fund balances, beginning of year	9,843	(505,510)	(495,667)
Fund balances, end of year	<u>\$ 16,843</u>	<u>\$ (1,404)</u>	<u>\$ 15,439</u>

The accompanying notes to financial statements are an integral part of this statement.

**SWI COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds	\$	511,106
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Depreciation expense		(413,001)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt		185,000
Change in accrued interest on long-term debt		3,008
Change in net position of governmental activities	\$	<u>286,113</u>

The accompanying notes to financial statements are an integral part of this statement.

SWI COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) Summary of Significant Accounting Policies:

The financial statements of the SWI Community Development District (the District), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the District has adopted the GASB Codification. The following is a summary of the District's significant accounting policies:

(a) **Reporting entity**—The SWI Community Development District (the “District”) was established on November 2, 2007 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by City of Port Orange Ordinance 2007-52. The Act provides, among other things, the power to manage basic services for community development, to borrow money and issue bonds, and to levy non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors (the Board), which is comprised of five members. The Supervisors are elected on an at-large basis by the owners of the property within the District. The Board exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. Certain Board members are affiliated with Port Orange Town Center, LLC (the Developer).

The Board has the final responsibility for allocating and levying assessments, approving budgets, exercising control over facilities and properties, controlling the use of funds generated by the District, approving the hiring and firing of key personnel, financing improvements, and other key matters of the District.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds. However, at September 30, 2022, the District did not have any significant business-type activities. Therefore, no business-type activities are reported.

**SWI COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Developer contributions, user fee revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District. Certain grant funds have been received in advance and are considered unearned revenue until such time as they are expended as part of the infrastructure construction project.

The District reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the District which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the District are financed through revenues received by the General Fund.

Debt Service Fund—The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

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

**SWI COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(d) **Budgets and budgetary accounting**—The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the Board. The budgets are compared to actual expenditures. In instances where budgeted appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts. The legal level of control is at the fund level.

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

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

(e) **Deposits and investments**—The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

Capital assets of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows:

Assets	Years
Roadway and transportation	25 years
Grading and stormwater management	25 years

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

**SWI COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Long-term obligations**—In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Original issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(i) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the District Board are reported as committed fund balance.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

(j) **Net position flow assumption**—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the District's policy to consider restricted net position to have been used before unrestricted net position is applied.

(k) **Impact fees**—The District has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

**SWI COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(1) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

The District’s cash and cash equivalents consist of legally authorized demand deposits in accordance with Section 218.415, Florida Statutes. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2022, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services. The District was exposed to no significant custodial credit or other risk related to its cash and investment activities.

(4) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated –				
Grading and stormwater management	\$ 10,151,121	\$ -	\$ -	\$ 10,151,121
Roadway and transportation	173,893	-	-	173,893
Total capital assets, being depreciated	<u>10,325,014</u>	<u>-</u>	<u>-</u>	<u>10,325,014</u>
Less accumulated depreciation for–				
Grading and stormwater management	(4,466,495)	(406,045)	-	(4,872,540)
Roadway and transportation	(76,516)	(6,956)	-	(83,472)
Total accumulated depreciation	<u>(4,543,011)</u>	<u>(413,001)</u>	<u>-</u>	<u>(4,956,012)</u>
Governmental activities capital assets, net	<u>\$ 5,782,003</u>	<u>\$ (413,001)</u>	<u>\$ -</u>	<u>\$ 5,369,002</u>

Depreciation expense of \$413,001 was charged to the general government function on the statement of activities.

**SWI COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(5) Long-Term Liabilities:

Long-term liability activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Series 2017	\$ 13,630,000	\$ -	\$ (185,000)	\$ 13,445,000	\$ 190,000
Deferred Obligation	1,811,279	-	-	1,811,279	-
Governmental activities – Total long-term liabilities	<u>\$ 15,441,279</u>	<u>\$ -</u>	<u>\$ (185,000)</u>	<u>\$ 15,256,279</u>	<u>\$ 190,000</u>

Bonds and notes payable in the District’s governmental activities at September 30, 2022, were comprised of the following obligations:

Series 2017 Capital Improvement Bond, was issued to refinance the amounts outstanding on the Series 2010 Note, due in payments of principal plus interest at 3.80% semi-annually on May 1 and November 1 of each year until final maturity on November 1, 2056. Pledged by user fee revenues. \$(13,445,000)

Annual debt service requirements to maturity for the District’s governmental activities bonds and notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Capital Improvement Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 190,000	\$ 507,300	\$ 697,300
2024	195,000	499,985	694,985
2025	205,000	492,385	697,385
2026	215,000	484,405	699,405
2027	220,000	476,140	696,140
2028-2032	1,235,000	2,245,705	3,480,705
2033-2037	1,490,000	1,987,970	3,477,970
2038-2042	1,795,000	1,676,275	3,471,275
2043-2047	2,160,000	1,302,070	3,462,070
2048-2052	2,605,000	850,345	3,455,345
2053-2057	3,135,000	306,755	3,441,755
Total	<u>\$ 13,445,000</u>	<u>\$ 10,829,335</u>	<u>\$ 24,274,335</u>

Certain costs advanced by the Developer for capital improvements exceeded the original principal amount of the Series 2010 Note. The difference is evidenced by a noninterest-bearing Deferred Obligation payable from excess user fee revenues as they are available. At September 30, 2022, the balance of this deferred obligation totaled \$1,811,279.

In general, an event of default will occur if the District fails to make a payment of principal and interest when such amounts are due and payable or if the District fails to punctually perform any of the material covenants, conditions, agreements and provisions contained in a debt indenture. In the event of default, the bond or noteholders shall be entitled to sue for, enforce payment for, and receive any and all amounts due from the District for principal and interest.

**SWI COMMUNITY DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(6) Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(7) Management Company:

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs. For the period ended September 30, 2022, the District paid the management company \$30,000 and had a payable to the management company for \$5,003 at year end.

(8) Related Party Transactions:

The Developer contributed \$55,994 during the year for operations and maintenance costs in connection with an agreement to fund certain expenditures as they are incurred. Approximately \$22,794 is due from the Developer at September 30, 2022. In addition, as detailed in Note (5), the District has a remaining Deferred Obligation payable to the Developer in the amount of \$1,811,279.

A User Fee of 1% is charged on all sales made at retail locations within District boundaries, and the revenue was used to pay interest on the Note as it was available. In prior years, however, the District did not receive enough User Fee revenue to make interest payments in full as they came due. At September 30, 2022, cumulative missed payments totaled \$480,000.

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, Port Orange Town Center, LLC, the loss of which could have a material adverse effect on the District's operations.

(9) Fund Deficit and Going Concern:

At September 30, 2022, the District's governmental activities had an overall deficit of (\$10,081,709), the majority of which related to the amount by which the District's long-term liabilities exceed the associated capital assets.

The deficit has resulted from the District's user fee revenues in recent years being insufficient to cover the ongoing debt service requirements. Management's plan is to use future user fee revenues, once such revenues not only meet, but additionally exceed, annual debt service requirements, to pay the delinquent balances. While waivers have been obtained from the Developer related to these payment shortfalls, substantial uncertainty exists about the District's ability to continue as a going concern, by virtue of generating sufficient revenues to cover the required debt service.

REQUIRED SUPPLEMENTARY INFORMATION

**SWI COMMUNITY DEVELOPMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Developer contributions	\$ 85,015	\$ 85,015	\$ 63,085	\$ (21,930)
Expenditures				
Current:				
General government	85,015	85,015	56,085	28,930
Net change in fund balances	-	-	7,000	7,000
Fund balances, beginning of year	9,843	9,843	9,843	-
Fund balances, end of year	<u>\$ 9,843</u>	<u>\$ 9,843</u>	<u>\$ 16,843</u>	<u>\$ 7,000</u>

The accompanying notes to financial statements are an integral part of this schedule.

OTHER REPORTS



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

To the Board of Supervisors,
SWI Community Development District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the SWI Community Development District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 19, 2023.

Report on 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

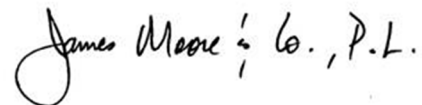
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
May 19, 2023



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Board of Supervisors,
SWI Community Development District:

Report on the Financial Statements

We have audited the financial statements of the SWI Community Development District, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 19, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 19, 2023, 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 annual financial audit report. No repeat findings exist from the second preceding audit. The following is a summary of prior year audit recommendations:

2020-001 Failure to Meet Debt Service Requirements—Corrective action not taken. Comment repeated 2021-001 and 2022-001.

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. The legal authority for the primary government of the reporting entity is disclosed in Note (1) of the basic financial statements.

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 identification of the specific condition(s) met. In connection with our audit, we determined that the District met the following conditions described in Section 218.503(1), Florida Statutes:

2022-001 Failure to Meet Debt Service Requirements (Repeat Comment)

While waivers for payment shortfalls were obtained, the District failed to fully meet certain debt service requirements during the year ended September 30, 2022, due to a lack of funds based on revenue shortfalls versus projections. This resulted in the District meeting the condition for a financial emergency as defined in Section 218.503(1)(a), 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. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Special District Information – SWI Community Development District

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 0.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 3.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$0.

- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$39,069.
- 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:
 - a. No such projects noted.
- 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 follows: there were no amendments between the original and final total district expenditure budget.

Additional Matters

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

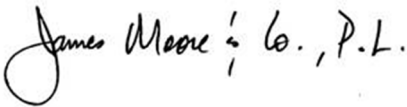
Management’s Response to Findings

The District’s responses to the findings identified in our audit are outlined as listed in the table of contents. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, and applicable management and the Board of Supervisors, and is not intended to be and should not be used by anyone other than these specified parties.

Daytona Beach, Florida
May 19, 2023





INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Board of Supervisors,
SWI Community Development District:

We have examined the SWI Community Development District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2022. Management is responsible for the District's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the District's investment policies against the Statute to determine the District's compliance and performing other procedures to obtain sufficient appropriate audit evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating the District's investment policies against the Statute, and performing procedures to obtain sufficient appropriate evidence to express an opinion that conveys the result of our measurement or evaluation of the District's compliance for the year ended September 30, 2022. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the District complied with the aforementioned requirements for the year ended September 30, 2022, in all material respects.

Daytona Beach, Florida
May 19, 2023

A handwritten signature in black ink that reads 'James Moore & Co., P.L.' The signature is written in a cursive, flowing style.

MANAGEMENT'S RESPONSE

2022-001 Failure to Meet Debt Service Requirements

Management agrees that debt service requirements were not made in full due to insufficient funds. Management has worked with the creditor to obtain waivers for such payment shortfalls and will continue to do so while monitoring future revenues and the ability to make future debt service payments.