



VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Basic Financial Statements

September 30, 2022

(With Independent Auditors' Report Thereon)

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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ON THE COVER

The cover photograph was submitted by
Nichole Gonzalez, Financial Coordinator
for the District Property Management Department

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 the Village Center 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, the business-type activities, each major fund and the aggregate remaining fund information of the District as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statement for the General Fund and Major Special Revenue Fund – Department of Public Safety for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter-Change in Accounting Principle

As described in Note 1 to the financial statements in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statements No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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.

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INDEPENDENT AUDITOR'S REPORT

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.

Auditor's Responsibilities for the Audit 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required OPEB schedules as listed in the tables of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



February 28, 2023
Ocala, Florida

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2022

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, 2022. 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 \$406,570,000; the deferred outflows of the resources of the District are \$3,285,000; total assets and deferred outflows have increased \$8,444,000 over prior year, an increase of 2%.
- Total liabilities of the District are \$197,254,000; the deferred inflows of the resources of the District are \$1,254,000; total liabilities and deferred inflows have decreased \$6,048,000 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, 2022, by \$211,347,000 (net position). Of this amount, \$124,241,000 is unrestricted and can be used at the discretion of the Board of Supervisors.
- At September 30, 2022, net position for governmental activities was \$57,617,000, or 95% of total governmental revenues. Of this amount, \$20,187,000 reflects its investment in capital assets and \$15,587,000 is restricted.
- The current year's unrestricted net position for governmental activities is \$21,843,000, or 36% of total governmental revenues.
- At September 30, 2022, net position for business-type activities was \$153,730,000, or 240% of total business-type revenues. Of this amount, \$37,385,000 reflects its investment in capital assets and \$13,947,000 is restricted.
- The current year's unrestricted net position for business-type activities is \$102,398,000, or 160% of total business-type revenues.
- The total net position has grown from a fiscal year 2021 balance of \$196,855,000 to a fiscal year 2022 balance of \$211,347,000.
- The District-wide total revenues of \$124,867,000 exceeded the expenses of \$110,375,000, providing a \$14,492,000 increase in total net position; the increase in net position for the governmental activities and business-type activities was \$4,130,000 and \$10,362,000, respectively.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$8,843,000 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 \$4,052,000 during the year ending September 30, 2022. The change consists of the implementation of GASB 87 with a \$7,085,000 increase in Lease Liability, and an increase in benefit liability of \$461,000, offset by the decrease from debt payments of \$11,596,000.

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, 2022

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.

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2022

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.

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 51.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Management's Discussion and Analysis
September 30, 2022

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, 2022	2021	September 30, 2022	2021	September 30, 2022	2021
Assets:						
Current and other assets	\$ 44,162,554	40,442,807	124,332,287	123,442,324	168,494,841	163,885,131
Capital assets, (net of accumulated depreciation)	20,187,164	18,466,054	106,612,083	104,573,207	126,799,247	123,039,261
Leased assets, (net of accumulated depreciation)	6,035,128	-	-	-	6,035,128	-
Intangible assets, (net of accumulated amortization)	-	-	105,240,576	110,841,508	105,240,576	110,841,508
Total Assets	70,384,846	58,908,861	336,184,946	338,857,039	406,569,792	397,765,900
Deferred outflow of resources:						
Deferred amount on OPEB	225,730	260,045	-	-	225,730	260,045
Deferred amount on debt refunding	-	-	3,059,053	3,384,339	3,059,053	3,384,339
Total assets and deferred outflows	70,610,576	59,168,906	339,243,999	342,241,378	409,854,575	401,410,284
Liabilities:						
Current liabilities	2,940,814	2,544,282	7,987,867	11,156,125	10,928,681	13,700,407
Long-term debt						
Due within one year	1,350,078	237,458	10,615,000	10,190,000	11,965,078	10,427,458
Due in more than a year	7,448,878	2,421,507	166,911,575	177,528,149	174,360,453	179,949,656
Total Liabilities	11,739,770	5,203,247	185,514,442	198,874,274	197,254,212	204,077,521
Deferred inflow of resources:						
Deferred amount on rental contract	744,665	419,232	-	-	744,665	419,232
Deferred amount on OPEB	508,916	58,788	-	-	508,916	58,788
Total liabilities and deferred inflows	12,993,351	5,681,267	185,514,442	198,874,274	198,507,793	204,555,541
Net position:						
Net investment in capital assets	20,187,164	18,466,054	37,385,137	31,080,905	57,572,301	49,546,959
Restricted	15,586,769	15,167,792	13,946,820	13,916,534	29,533,589	29,084,326
Unrestricted	21,843,292	19,853,793	102,397,600	98,369,665	124,240,892	118,223,458
Total net position, restated	\$ 57,617,225	53,487,639	153,729,557	143,367,104	211,346,782	196,854,743

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 \$211,347,000. The net position increased \$14,492,000 from a balance of \$196,855,000 as of September 30, 2021.

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

Net investment in capital assets A total \$57,572,000 or 27% 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2022

Restricted net assets A total \$29,534,000 of net assets is restricted for certain purposes as outlined below:

Restricted for debt service An additional \$11,831,000 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 \$15,587,000 of the District's net position (7%) 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 \$1,666,000 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 \$449,000 of the District's net position (0.2%) is restricted for system development.

Unrestricted net position The remaining portion of \$124,241,000 or 59% 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, 2022

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,	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 59,343,353	57,589,009	67,160,489	63,871,403	126,503,842	121,460,412
Operating grants and contributions	1,982,004	1,332,990	-	-	1,982,004	1,332,990
Capital grants and contributions	-	-	-	18,344	-	18,344
Gain on sale of assets and leased vehicles	76,005	103,656	18,351	-	94,356	103,656
General revenues:						
Investment earnings (losses)	(964,373)	669,487	(3,120,360)	1,429,041	(4,084,733)	2,098,528
Contributions and donations from private sources	371,652	70,650	-	-	371,652	70,650
Total revenues	60,808,641	59,765,792	64,058,480	65,318,788	124,867,121	125,084,580
Expenses:						
General government	10,169,426	9,845,038	4,201,807	3,974,257	14,371,233	13,819,295
Public safety	26,117,758	24,753,760	2,153,206	1,993,709	28,270,964	26,747,469
Physical environment	5,698,155	4,744,054	17,769,079	16,421,399	23,467,234	21,165,453
Recreation	11,668,402	10,107,713	9,062,780	8,558,173	20,731,182	18,665,886
Interest on long-term debt	250,660	-	8,516,372	8,952,679	8,767,032	8,952,679
Depreciation (unallocated)	2,774,654	1,504,857	6,068,138	6,255,677	8,842,792	7,760,534
Amortization expense	-	-	5,924,645	5,924,645	5,924,645	5,924,645
Total expenses	56,679,055	50,955,422	53,696,027	52,080,539	110,375,082	103,035,961
Changes in net position	4,129,586	8,810,370	10,362,453	13,238,249	14,492,039	22,048,619
Total net position, beginning, restated	53,487,639	44,677,269	143,367,104	130,128,855	196,854,743	174,806,124
Total net position, ending, restated	\$ 57,617,225	53,487,639	153,729,557	143,367,104	211,346,782	196,854,743

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, 2022, and September 30, 2021 were approximately \$124,867,000 and \$125,085,000 respectively. Total revenues decreased 0.2% year over year. The District's expenses for the years ended September 30, 2022, and September 30, 2021, were \$110,375,000 and \$103,036,000 respectively. Total expenses increased 7% year over year. The increase in expense was related primarily to an increase in public safety, recreation 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 \$126,504,000 in Fiscal Year 2022, an increase of \$5,043,000 compared to the prior year. Governmental charges increased 4% 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 \$6,183,000 due to market conditions related to the Coronavirus Pandemic.

Expenses General government expenses increased by \$552,000 in fiscal year 2022 compared to fiscal year 2021. Physical environment expenses, including landscaping, irrigation, utilities and maintenance costs, increased \$2,302,000, as compared to the prior fiscal year. Public safety expense, including costs related to fire and community watch services increased \$1,523,000 over prior year. Interest expense declined by \$186,000, depreciation expense increased \$1,082,000 and amortization expense was level compared to the prior year.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2022

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 2022, the final General Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$705,000 primarily in the capital outlay and other expenses offset by a decrease in personnel services.
- Investment losses of (\$460,000) were below budgeted investment income of \$187,000. Investment returns showed decreased results over the prior fiscal year due to market conditions related to the Coronavirus Pandemic.
- Total expenses were \$5,021,000, or 13% under budget for the year primarily in personnel services, other expenditures and capital outlay.

Public Safety Special Revenue Fund

- During fiscal year 2022, the final Public Safety Fund revenue budget decreased \$649,000 compared to the original budgeted revenues primarily in charge for services.
- The total expenditure budget increased \$2,636,000 primarily in the capital outlay and personnel services.
- Investment losses of (\$371,000) were below budgeted investment income of \$10,000.
- Total expenses were \$715,000, or 3% 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, 2022 amounts to \$132,834,000. 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 \$11,548,000 during the year. Depreciation expenses totaled \$8,843,000 resulting in an overall net increase in capital assets of \$2,704,000.

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, 2022, the District has outstanding long-term debt, including a liability for compensated absences, lease liability and other post-employment benefits totaling \$186,326,000. Total principal payments were \$10,190,000 during the year. A total \$10,615,000 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.

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 2023 Fiscal Year

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2022

- The unemployment rate in Sumter County where the District is located was 3.9% in September 2022, a decrease from 5.6% a year ago. The County's average unemployment rate was above the State's average unemployment rate of 2.6% which was below the national average rate of 3.3%.
- Inflationary trends in the area are comparable to national indices. The national Consumer Price Index (CPI) annual change for all urban consumers increased from 5.4% in September 2021 to 8.2% in September 2022.

General Fund: In Fiscal Year 2023, the total revenues are projected to increase by \$4,725,000 compared to the Fiscal Year 2022 final budget. Management Fee Assessments makes up the majority of the revenue increase. The Fiscal Year 2023 expenditure budget projects an increase of \$4,700,000, when compared to the Fiscal Year 2022 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 2023, the total revenues are projected to increase by \$6,758,000 compared to the Fiscal Year 2022 final budget. An increase in transport revenue makes up the majority of this revenue increase. The Fiscal Year 2023 expenditure budget projects a decrease of \$692,000, when compared to the Fiscal Year 2022 final budget. The decrease in expenditures results primarily from a decrease in capital outlay offset by increases in personnel services and other expenses.

Recreation Amenities Division Fund: In Fiscal Year 2023, the total revenues are projected to increase by \$2,686,000 compared to the Fiscal Year 2022 final budget. A 2 ½% increase in amenity fees make up the majority of this revenue increase. The Fiscal Year 2023 General Fund expenditure budget projects a decrease of \$929,000, when compared to the Fiscal Year 2022 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 2023, the total revenues are projected to decrease by \$222,000 compared to the Fiscal Year 2022 final budget. The decrease is primarily due to a decrease in the budgeted investment income compared to prior year. The Fiscal Year 2023 General Fund expenditure budget projects an increase of \$386,000, when compared to the Fiscal Year 2022 final budget. The increase in expenditures results primarily from an increase in capital outlay.

Little Sumter Service Area Fund: In Fiscal Year 2023, the total revenues are projected to decrease by \$264,000 compared to the Fiscal Year 2022 final budget. The decrease is primarily due to a decrease in the budgeted investment income compared to prior year. The Fiscal Year 2023 General Fund expenditure budget projects an increase of \$2,194,000, when compared to the Fiscal Year 2022 final budget. The decrease in expenditures results primarily from a decrease in capital outlay and management and other professional services.

TO OBTAIN FURTHER INFORMATION

The District's financial statements are designed to provide a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or would like additional financial information, contact the Village 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, 2022

Assets	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 34,748,300	67,924,651	\$ 102,672,951
Accounts receivable (net)	1,196,164	6,062,743	7,258,907
Investments	7,476,494	50,241,848	57,718,342
Due from other governments	488,514	80,464	568,978
Internal balances	3,260	(3,260)	-
Inventory	100,286	-	100,286
Prepaid items	149,536	25,841	175,377
Capital assets:			
Non depreciable assets	4,185,887	21,666,050	25,851,937
Depreciable assets (net of accumulated depreciation)	16,001,277	84,946,033	100,947,310
Right to use lease - Building	6,035,128	-	6,035,128
Intangible assets (net of accumulated attribution)	-	105,240,576	105,240,576
Total assets	70,384,846	336,184,946	406,569,792
Deferred outflow of resources			
Deferred amount on OPEB	225,730	-	225,730
Deferred amount on debt refunding	-	3,059,053	3,059,053
Total deferred outflows	225,730	3,059,053	3,284,783
Liabilities			
Accounts payable	1,152,683	1,293,045	2,445,728
Accrued expenses	1,698,960	17,544	1,716,504
Accrued interest payable	-	3,769,237	3,769,237
Due to other governments	79,293	693,219	772,512
Unearned revenue	9,878	2,214,822	2,224,700
Total current liabilities	2,940,814	7,987,867	10,928,681
Long-term debt:			
Due within one year	1,350,078	10,615,000	11,965,078
Due in more than one year	7,448,878	166,911,575	174,360,453
Total long-term debt	8,798,956	177,526,575	186,325,531
Total liabilities	11,739,770	185,514,442	197,254,212
Deferred inflow of resources			
Deferred amount on rental contract	744,665	-	744,665
Deferred amount on OPEB	508,916	-	508,916
Total deferred inflows	1,253,581	-	1,253,581
Net position			
Net investment in capital assets	20,187,164	37,385,137	57,572,301
Restricted for:			
Debt service	-	11,831,335	11,831,335
Special revenue purposes	15,586,769	-	15,586,769
Renewal and replacement	-	1,666,485	1,666,485
System development	-	449,000	449,000
Unrestricted	21,843,292	102,397,600	124,240,892
Total net position	\$ 57,617,225	153,729,557	\$ 211,346,782

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Activities

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 10,169,426	38,140,761	-	86,652	28,057,987	-	28,057,987
Public safety	26,117,758	21,202,592	1,982,004	285,000	(2,648,162)	-	(2,648,162)
Physical environment	5,698,155	-	-	-	(5,698,155)	-	(5,698,155)
Recreation	11,668,402	-	-	-	(11,668,402)	-	(11,668,402)
Interest on long-term debt	250,660	-	-	-	(250,660)	-	(250,660)
Depreciation (unallocated)	2,774,654	-	-	-	(2,774,654)	-	(2,774,654)
Total governmental activities	56,679,055	59,343,353	1,982,004	371,652	5,017,954	-	5,017,954
Business-type activities:							
General government	4,201,807	-	-	-	-	(4,201,807)	(4,201,807)
Public safety	2,153,206	-	-	-	-	(2,153,206)	(2,153,206)
Physical environment	17,769,079	20,470,868	-	-	-	2,701,789	2,701,789
Recreation	9,062,780	46,689,621	-	-	-	37,626,841	37,626,841
Interest on long term debt	8,516,372	-	-	-	-	(8,516,372)	(8,516,372)
Depreciation (unallocated)	6,068,138	-	-	-	-	(6,068,138)	(6,068,138)
Amortization expense	5,924,645	-	-	-	-	(5,924,645)	(5,924,645)
Total business-type activities	53,696,027	67,160,489	-	-	-	13,464,462	13,464,462
Total primary government	\$ 110,375,082	126,503,842	1,982,004	371,652	5,017,954	13,464,462	18,482,416
General revenues:							
Investment earnings (losses)					\$ (964,373)	(3,120,360)	(4,084,733)
Gain on sale of capital assets					76,005	18,351	94,356
Total general revenues					(888,368)	(3,102,009)	(3,990,377)
Change in net position					4,129,586	10,362,453	14,492,039
Net position, beginning					53,487,639	143,367,104	196,854,743
Net position, ending					\$ 57,617,225	153,729,557	211,346,782

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Balance Sheet
Governmental Funds
September 30, 2022

	Major Funds			Total
	General Fund	Department of Public Safety	Non-Major Funds Total	
Assets				
Cash and cash equivalents	\$ 19,442,511	13,469,351	1,836,438	34,748,300
Accounts receivable (net)	866,667	310,117	19,380	1,196,164
Investments	2,523,429	3,789,819	1,163,245	7,476,493
Due from other funds	30,750	-	-	30,750
Due from other governments	130,237	358,277	-	488,514
Inventory and other prepaid items	230,713	19,110	-	249,823
Total assets	23,224,307	17,946,674	3,019,063	44,190,044
Liabilities and Fund Balance				
Accounts payable	452,583	661,233	38,867	1,152,683
Accrued expenses	999,058	679,619	20,283	1,698,960
Due to other funds	(2,338)	29,613	215	27,490
Due to other governments	79,293	-	-	79,293
Unearned revenue	9,878	-	-	9,878
Total liabilities	1,538,474	1,370,465	59,365	2,968,304
Deferred inflows of resources:				
Unavailable rental contract revenue	744,665	-	-	744,665
Fund balances:				
Non-spendable	230,713	19,110	-	249,823
Restricted				
Public Safety	-	13,321,037	-	13,321,037
Community Standards-deed covenants	-	-	84,402	84,402
Village of Spanish Springs-common area maintenance	-	-	890,516	890,516
Rolling Acres-common area maintenance	-	-	297,929	297,929
Commercial road maintenance	-	-	567,648	567,648
Community Standards	-	-	406,127	406,127
Committed				
Renewal and replacement	-	3,236,062	713,076	3,949,138
Unassigned	20,710,455	-	-	20,710,455
Total fund balance	20,941,168	16,576,209	2,959,698	40,477,075
Total liabilities and fund balance	\$ 23,224,307	17,946,674	3,019,063	44,190,044

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, 2022

Fund balance – governmental funds	\$	40,477,075
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	\$	39,226,657
Less accumulated depreciation		<u>(13,004,365)</u>
		26,222,292
Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund:		
Compensated absences		(1,492,253)
Lease liability		(6,188,670)
Other Post-Employment Benefits (OPEB)		<u>(1,118,033)</u>
		(8,798,956)
Deferred Inflow of Resources - Other Post-Employment Benefits (OPEB)		(508,916)
Deferred Outflow of Resources - Other Post-Employment Benefits (OPEB)		<u>225,730</u>
Net position of governmental activities	\$	<u><u>57,617,225</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, 2022

	Major Funds			Total
	General Fund	Department of Public Safety	Non-Major Funds	
Revenues:				
Administration and maintenance fees	\$ 31,366,517	-	-	31,366,517
Amenities revenue	-	3,474,291	-	3,474,291
Intergovernmental fire assessments	-	17,614,585	-	17,614,585
State revenue sharing-firefighters' supplemental	-	23,351	-	23,351
SAFER Grant	-	1,827,947	-	1,827,947
FEMA Grant	-	130,706	-	130,706
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	-	-	1,124,167	1,124,167
Fees for services provided to developer	3,372,392	-	93,218	3,465,610
Miscellaneous revenues	666,094	113,716	8,586	788,396
Investment earnings (losses)	(460,039)	(370,727)	(133,607)	(964,373)
Revenue from sales of capital assets	76,005	-	-	76,005
Contributions and donations from private sources	76,670	9,982	-	86,652
Total revenues	35,097,639	22,823,851	2,535,949	60,457,439
Expenditures:				
Current				
General government	9,112,034	-	1,189,124	10,301,158
Public safety	6,188,369	19,135,940	-	25,324,309
Physical environment	4,530,407	-	1,330,488	5,860,895
Culture/recreation	11,661,578	-	-	11,661,578
Capital outlay	346,808	2,508,160	309,937	3,164,905
Debt service:			-	
Lease Principal payments	672,769	223,383	-	896,152
Lease Interest payments	106,867	143,793	-	250,660
Total expenditures	32,618,832	22,011,276	2,829,549	57,459,657
Net change in fund balance and transfers	2,478,807	812,575	(293,600)	2,997,782
Fund balance, beginning of year	18,462,361	15,763,634	3,253,298	37,479,293
Fund balance, end of year	\$ 20,941,168	16,576,209	2,959,698	40,477,075

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, 2022

Net change in fund balance – governmental funds	\$	2,997,782
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>		
Donated capital	\$	285,000
Capital outlay		3,164,905
Loss on sale of capital assets		(3,836)
Depreciation		<u>(2,774,654)</u>
		671,415
<p>Lease expense use current financial resources in governmental funds, but decreases long-term debt in the statement of net position.</p>		
Reduction in the long term lease liability		896,152
<p>Decrease (increase) in long-term liabilities is shown on the government-wide statements but not on the governmental fund statements.</p>		
Compensated absences		(232,957)
Other Post-Employment Benefits (OPEB)		<u>281,637</u>
		48,680
<p>Decrease (increase) in Deferred Inflows OPEB is shown on the government-wide statements (450,128)</p>		
<p>(Decrease) increase in Deferred Outflows OPEB is shown on the government-wide statements <u>(34,315)</u></p>		
Change in net position of governmental activities	\$	<u><u>4,129,586</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, 2022

	<u>Original</u>	<u>Amended</u>	<u>YTD Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>		
Revenues:				
Management and Other Fees Collected	\$ 35,067,319	\$ 35,067,319	\$ 34,738,909	\$ (328,410)
Other Income	37,000	37,000	818,769	781,769
Investment Income (Loss)	186,800	186,800	(460,039)	(646,839)
Total Revenues:	<u>35,291,119</u>	<u>35,291,119</u>	<u>35,097,639</u>	<u>(193,480)</u>
Expenditures:				
Personnel Services	29,845,662	29,565,192	26,175,308	(3,389,884)
Management and Other Professional Services	1,866,995	1,922,097	1,584,657	(337,440)
Utility Services	140,773	141,034	102,912	(38,122)
Building, Landscape and Other Maintenance	196,219	181,025	123,260	(57,765)
Capital Outlay	239,600	871,126	346,808	(524,318)
Debt Service	779,636	779,636	779,636	-
Other Expenditures	3,865,763	4,179,606	3,506,251	(673,355)
Total Expenditures	<u>36,934,648</u>	<u>37,639,716</u>	<u>32,618,832</u>	<u>(5,020,884)</u>
Net Change in Fund Balance	\$ (1,643,529)	\$ (2,348,597)	\$ 2,478,807	\$ 4,827,404
Beginning Fund Balance	<u>18,462,361</u>	<u>18,462,361</u>	<u>18,462,361</u>	<u>-</u>
Ending Fund Balance	<u>\$ 16,818,832</u>	<u>\$ 16,113,764</u>	<u>\$ 20,941,168</u>	<u>\$ 4,827,404</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, 2022

	<u>Original</u>	<u>Amended</u>	<u>YTD Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>		
Revenues:				
Charges for Services	\$ 3,394,837	\$ 3,394,837	\$ 3,474,291	\$ 79,454
Intergovernmental Fire Assessments	19,442,383	19,442,383	19,573,238	130,855
Other Income	90,925	90,925	147,049	56,124
Investment Income (Loss)	<u>10,000</u>	<u>10,000</u>	<u>(370,727)</u>	<u>(380,727)</u>
Total Revenues:	22,938,145	22,938,145	22,823,851	(114,294)
Expenditures:				
Personnel Services	16,313,620	16,313,620	16,286,327	(27,293)
Management and Other Professional Services	1,054,676	1,198,810	1,026,936	(171,874)
Utility Services	197,005	210,205	181,454	(28,751)
Building, Landscape and Other Maintenance	412,569	558,704	440,223	(118,481)
Capital Outlay	1,382,000	5,446,229	2,508,160	(2,938,069)
Debt Service	367,177	367,177	367,177	-
Other Expenditures	<u>2,419,470</u>	<u>2,624,661</u>	<u>1,200,999</u>	<u>(1,423,662)</u>
Total Expenditures	22,146,517	26,719,406	22,011,276	(4,708,130)
Net Change in Fund Balance	\$ 791,628	\$ (3,781,261)	\$ 812,575	\$ 4,593,836
Beginning Fund Balance	<u>15,763,634</u>	<u>15,763,634</u>	<u>15,763,634</u>	<u>-</u>
Ending Fund Balance	<u>\$ 16,555,262</u>	<u>\$ 11,982,373</u>	<u>\$ 16,576,209</u>	<u>\$ 4,593,836</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

Proprietary Funds

September 30, 2022

Assets	Major Funds			Non-Major Fund	Total
	RAD	VCSA Water and Sewer	LSSA Water and Sewer		
Current assets:					
Cash and cash equivalents	\$ 26,705,429	8,518,667	14,340,128	647,511	50,211,735
Restricted cash and cash equivalents	9,667,940	1,882,899	4,049,783	-	15,600,622
Accounts receivable (net)	3,765,204	881,219	1,416,294	26	6,062,743
Investments	31,761,622	9,533,796	8,934,579	11,851	50,241,848
Due from other funds	311,125	-	83,206	-	394,331
Due from other governments	11,086	40,996	28,382	-	80,464
Prepaid expenses	25,841	-	-	-	25,841
Total current assets	<u>72,248,247</u>	<u>20,857,577</u>	<u>28,852,372</u>	<u>659,388</u>	<u>122,617,584</u>
Non-current assets:					
Restricted cash and cash equivalents	991,628	297,653	823,013	-	2,112,294
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	37,493,395	37,643,958	39,753,129	-	114,890,482
Furniture & fixtures	1,899,620	1,561,569	1,509,196	-	4,970,385
Construction in progress	8,414,932	1,786,821	1,250,081	-	11,451,834
Less accumulated depreciation	(52,091,118)	(26,761,828)	(26,299,418)	-	(105,152,364)
Intangible assets (net of accumulated amortization)	82,484,128	-	22,756,448	-	105,240,576
Total non-current assets	<u>152,497,924</u>	<u>16,317,602</u>	<u>45,149,427</u>	<u>-</u>	<u>213,964,953</u>
Total assets	<u>224,746,171</u>	<u>37,175,179</u>	<u>74,001,799</u>	<u>659,388</u>	<u>336,582,537</u>
Deferred outflow of resources:					
Deferred amount on debt refunding	2,690,931	-	368,122	-	3,059,053
Total assets and deferred outflows	<u>227,437,102</u>	<u>37,175,179</u>	<u>74,369,921</u>	<u>659,388</u>	<u>339,641,590</u>
Liabilities					
Current liabilities:					
Accounts payable	969,115	136,538	183,114	4,278	1,293,045
Accrued expenses	3,840	8,345	-	5,359	17,544
Accrued interest payable	2,392,530	70,213	1,306,494	-	3,769,237
Due to other funds	922	226,772	169,897	-	397,591
Due to other governments	105,328	561,362	26,529	-	693,219
Unearned revenue	1,866,116	15,202	20,086	313,418	2,214,822
Current installments of revenue bonds payable	6,280,000	1,740,000	2,595,000	-	10,615,000
Total current liabilities	<u>11,617,851</u>	<u>2,758,432</u>	<u>4,301,120</u>	<u>323,055</u>	<u>19,000,458</u>
Non-current liabilities:					
Revenue bonds payable, net	113,370,000	1,811,575	51,730,000	-	166,911,575
Total non-current liabilities	<u>113,370,000</u>	<u>1,811,575</u>	<u>51,730,000</u>	<u>-</u>	<u>166,911,575</u>
Total liabilities	<u>124,987,851</u>	<u>4,570,007</u>	<u>56,031,120</u>	<u>323,055</u>	<u>185,912,033</u>
Net position					
Net investment in capital assets	34,547,227	12,468,374	(9,630,464)	-	37,385,137
Restricted for:					
Debt service	7,275,360	1,812,686	2,743,289	-	11,831,335
Renewal and replacement	991,628	297,653	377,204	-	1,666,485
System development	-	3,191	445,809	-	449,000
Unrestricted	59,635,036	18,023,268	24,402,963	336,333	102,397,600
Total net position	<u>\$ 102,449,251</u>	<u>32,605,172</u>	<u>18,338,801</u>	<u>336,333</u>	<u>153,729,557</u>

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, 2022

	<u>Major Funds</u>			<u>Non-Major Fund</u>	<u>Total</u>
	<u>RAD</u>	<u>VCSA Water and Sewer</u>	<u>LSSA Water and Sewer</u>		
Operating revenues:					
Charges for services:					
Water revenue	\$ -	3,459,243	6,330,200	-	9,789,443
Sewer revenue	-	4,276,195	5,970,085	-	10,246,280
Recreational amenity fees	44,023,642	-	-	-	44,023,642
Recreational fees	1,388,773	-	-	722,503	2,111,276
Rentals revenue	554,703	-	-	-	554,703
Other Income	430,984	1,912	1,990	259	435,145
Total operating revenues	<u>46,398,102</u>	<u>7,737,350</u>	<u>12,302,275</u>	<u>722,762</u>	<u>67,160,489</u>
Operating expenses:					
Recreational expenses	8,538,478	-	-	524,302	9,062,780
General and administrative	4,165,131	2,486	34,190	-	4,201,807
Public Safety	2,153,206	-	-	-	2,153,206
Physical Environment	9,864,410	3,785,588	4,119,081	-	17,769,079
Depreciation	3,198,581	1,349,382	1,520,175	-	6,068,138
Amortization / accretion	4,816,474	(1,575)	1,109,746	-	5,924,645
Total operating expenses	<u>32,736,280</u>	<u>5,135,881</u>	<u>6,783,192</u>	<u>524,302</u>	<u>45,179,655</u>
Operating income	<u>13,661,822</u>	<u>2,601,469</u>	<u>5,519,083</u>	<u>198,460</u>	<u>21,980,834</u>
Non-operating revenue (expenses):					
Investment earnings (losses)	(1,938,063)	(553,878)	(630,730)	2,311	(3,120,360)
Interest expense	(5,762,938)	(140,438)	(2,612,996)	-	(8,516,372)
Gain (loss) on disposal of property	5,764	5,304	7,283	-	18,351
Total non-operating revenue (expenses)	<u>(7,695,237)</u>	<u>(689,012)</u>	<u>(3,236,443)</u>	<u>2,311</u>	<u>(11,618,381)</u>
Change in net position	5,966,585	1,912,457	2,282,640	200,771	10,362,453
Total net position, beginning	96,482,666	30,692,715	16,056,161	135,562	143,367,104
Total net position, ending	<u>\$ 102,449,251</u>	<u>32,605,172</u>	<u>18,338,801</u>	<u>336,333</u>	<u>153,729,557</u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2022

	Major Funds			Non-Major Fund	Total
	RAD	VCSA Water and Sewer	LSSA Water and Sewer		
Cash flows from operating activities:					
Receipts from customers	\$ 44,996,343	8,243,171	11,993,876	1,024,332	66,257,722
Payments to suppliers and others	(26,337,946)	(4,265,858)	(4,481,011)	(534,005)	(35,618,820)
Net cash provided (used) by operating activities	<u>18,658,397</u>	<u>3,977,313</u>	<u>7,512,865</u>	<u>490,327</u>	<u>30,638,902</u>
Cash flows from capital and related financing activities:					
Principal payments on bonds	(6,025,000)	(1,675,000)	(2,490,000)	-	(10,190,000)
Proceeds from sale of surplus	5,764	5,304	7,283	-	18,351
Interest paid	(5,867,271)	(173,569)	(2,664,739)	-	(8,705,579)
Payment for capital assets	(6,084,484)	(1,009,612)	(1,012,918)	-	(8,107,014)
Net cash (used in) provided by capital and related financing activities	<u>(17,970,991)</u>	<u>(2,852,877)</u>	<u>(6,160,374)</u>	<u>-</u>	<u>(26,984,242)</u>
Cash flows from investing activities:					
Proceeds from disposition of investments	2,047,594	566,494	1,256,648	-	3,870,736
Purchase of investments				(11,851)	(11,851)
Interest received	917,858	286,207	245,815	2,311	1,452,191
Net cash provided (used) by investing activities	<u>2,965,452</u>	<u>852,701</u>	<u>1,502,463</u>	<u>(9,540)</u>	<u>5,311,076</u>
Net increase (decrease) in cash and cash equivalents	<u>3,652,858</u>	<u>1,977,137</u>	<u>2,854,954</u>	<u>480,787</u>	<u>8,965,736</u>
Cash and cash equivalents, beginning of year	33,712,139	8,722,082	16,357,970	166,724	58,958,915
Cash and cash equivalents, end of year	<u>37,364,997</u>	<u>10,699,219</u>	<u>19,212,924</u>	<u>647,511</u>	<u>67,924,651</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	26,705,429	8,518,667	14,340,128	647,511	50,211,735
Restricted cash and cash equivalents - current	9,667,940	1,882,899	4,049,783	-	15,600,622
Restricted cash and cash equivalents - non-current	991,628	297,653	823,013	-	2,112,294
Cash and cash equivalents	<u>37,364,997</u>	<u>10,699,219</u>	<u>19,212,924</u>	<u>647,511</u>	<u>67,924,651</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	13,661,822	2,601,469	5,519,083	198,460	21,980,834
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	3,198,581	1,349,382	1,520,175	-	6,068,138
Amortization / accretion	4,816,474	(1,575)	1,109,746	-	5,924,645
Change in assets and liabilities:					
(Increase) Decrease in:					
Accounts receivable	(316,441)	(6,223)	(48,129)	(18)	(370,811)
Prepaid expenses	4,220	-	-	-	4,220
Due from (due to) other funds	(25,947)	(3,911)	(227,642)	260,760	3,260
Due from other governments	-	500,754	-	-	500,754
Increase (Decrease) in:					
Accounts payable and accrued expenses	(1,854,831)	(477,785)	(327,739)	31,589	(2,628,766)
Due to other governments	(753,372)	-	(52,715)	(464)	(806,551)
Unearned revenue	(72,109)	15,202	20,086	-	(36,821)
Net cash provided by operating activities	<u>\$ 18,658,397</u>	<u>3,977,313</u>	<u>7,512,865</u>	<u>490,327</u>	<u>30,638,902</u>

See accompanying notes to basic financial statements

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2022

		<u>Beyond the Stars Custodial Fund</u>
Assets:		
Cash and cash equivalents	\$	<u>103,841</u>
Total assets		<u>103,841</u>
Liabilities:		
Due to Beyond the Stars beneficiaries		<u>-</u>
Total liabilities	\$	<u>-</u>
Net Position		
Individuals		<u>103,841</u>
Total Net Position	\$	<u><u>103,841</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended September 30, 2022

		<u>Beyond the Stars Custodial Fund</u>
Additions:		
Contributions:		
Individuals		22,553
Investment earnings		660
Total Additions	\$	<u>23,213</u>
 Deductions		
Beneficiary payment to individuals		4,000
Total Deductions	\$	<u>4,000</u>
Change in net positions		19,213
Beginning Net Position		<u>84,628</u>
Ending Net Position	\$	<u><u>103,841</u></u>

See accompanying notes to basic financial statements.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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, 2022, 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, the City of Leesburg 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 District 14.

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 seventeen 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 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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

funded through commercial maintenance assessments. Lastly, the District provides administrative services, including human resources, payroll, accounting, property management, recreation leadership and community standard services to the Community Development Districts.

- Sumter Landing Community Development District provides recreation facilities and services, security, fire protection, emergency medical first response (non-transport) and executive golf services to the residents. The cost of operations is funded by amenity fees 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, 2022

- 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 55 are being used as lifestyle preview homes by the Developer.
- The Village Community Development District No. 11 boundary consists of approximately 693 acres within the city limits of Fruitland Park in Lake County. The development includes 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 53 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 8,062 residential units and of which 1,662 remain unsold as of the end of the year.
- The Village Community Development District No. 14 boundary consists of approximately 2,385 acres within the city limits of the City of Leesburg in Lake County. Planned development includes construction of Phase I to be 3,234 residential units. 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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.

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

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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:

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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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.

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, right-to-use 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 (except for intangible right-to-use lease assets, the measurement of which is discussed in note 9 below) 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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
- RTU leased building 5-40 years

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 \$1,492,000 as of September 30, 2022.

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-

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

fighters. During fiscal year 2022, regular full-time employees received a 7% contribution, executive employees received 19%, 17%, or 15% respectively, and professional fire-fighters received a 18% contribution based on each employee's total salary. At the end of fiscal year 2022, there were 231 regular full-time employee participants and 158 professional fire-fighters. Employer contributions to the plan for the fiscal year 2022 totaled \$896,000 for the regular full-time employees and \$1,761,000 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 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 2022 totaled \$210,000 for the regular full-time employees and \$226,000 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.

New accounting pronouncements

GASB Statement No. 87, Leases

The Governmental Accounting Standard Board issued GASB Statement No. 87, Leases for implementation in financial reports for fiscal years beginning after June 15, 2021. The objective of this Statement to increase the usefulness of governments' financial statements with regards to the accounting of leases. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflow of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has implemented GASB Statement No. 87 in the current fiscal year. Further information regarding the accounting for leases can be found at Note 9.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

Date of Management’s Review

Subsequent events were evaluated by management through February 28, 2023, 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 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, 2022, the District’s Cash and Cash Equivalents consisted of:

Cash and Cash Equivalents	Fair Value	Weighted Average Maturity (Days)	Credit Rating
Citizens First Bank demand deposits	2,313,365	1.0	n/a
Fl Cooperative Liquid Assets Securities System, FLCLASS	61,098,209	26.0	AAAm
Fl Public Assets for Liquidity Management (FL PALM)	21,548,461	24.0	AAAm
US Bank - State Board of Administration, Florida Prime TM	17,712,916	21.0	AAAm
Total Fair Value	\$ 102,672,951		
Portfolio Weighted Average Maturity (WAM)		24.2	

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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:

<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%

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

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As of September 30, 2022, 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	\$ 18,677,382	0.28	AAAf/S1
Florida Local Government Investment Trust	21,981,116	1.76	AAAf/S1
PFM Multi-Manager Domestic Equity Fund	6,352,133	n/a	n/a
PFM Multi-Manager International Equity Fund	2,787,344	n/a	n/a
Cohen & Steers Inst Realty Shares	320,850	n/a	n/a
Principal RE Securities Inst Fund	320,943	n/a	n/a
PFM Multi-Manager Fixed Income Fund	5,960,827	7.70	AA
iShares Preferred and Income Securities EFT	356,066	n/a	n/a
PIMCO Commodity Real Return Strategy	484,046	n/a	n/a
Cash Equivalent	477,635	n/a	n/a
Total Investments	<u>\$ 57,718,342</u>		
Portfolio Weighted Average Maturity (WAM)		1.56	

The District participates in the following external investment pools:

The State Board of Administration for participation in the Local Government Investment Pool (Florida PRIME™) created by Section 218.415, Florida Statutes is an investment pool that operates under investment guidelines established by Section 215.47, Florida Statutes. The District’s investments in Florida PRIME™, a qualified external investment pool, meet the requirements of GASB Statement No. 79 and are reported at amortized cost.

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

Florida Public Assets for Liquid Management Term Portfolio is a fixed-term investment option, holding maturities of 60 days to a year. The Portfolio invests in high quality money market investments that seeks to maintain principal at maturity while earning the highest return. The District’s investment in FLPALM Term meets the requirement of GASB Statement No. 79 and are 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.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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.

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.

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, 2022, 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	\$ 6,352,133	\$ -	\$ 6,352,133	\$ -
PFM Multi-Manager International Equity Fund	2,787,344	-	2,787,344	-
Cohen & Steers Inst Realty Shares	320,850	-	320,850	-
Principal RE Securities Inst Fund	320,943	-	320,943	-
PFM Multi-Manager Fixed Income Fund	5,960,827	-	5,960,827	-
iShares Preferred and Income Securities EFT	356,066	-	356,066	-
PIMCO Commodity Real Return Strategy	484,046	-	484,046	-
Cash Equivalent	477,635	-	477,635	-
Totals	<u>\$ 17,059,844</u>	<u>\$ -</u>	<u>\$ 17,059,844</u>	<u>\$ -</u>

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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, 2022, and consistent with the investment policy, the District’s investments are all registered in the name of the District by a custodian or a trustee for the District.
- Credit risk is the risk of loss from an issuer’s failure to repay principal and/or interest on a debt obligation. To manage this risk, the District’s investment policy identifies and limits investments to only top ratings issued by nationally recognized statistical rating organization.
- Concentration of investment risk is the increasing probability of loss arising from heavily lopsided exposure to an asset class, issuer, structure or maturity. The District’s investment policy stipulates guidelines for diversification of investments by limiting investments to avoid over-concentration in securities from a specific issuer or business sector; limiting investments in securities with higher credit risk; investments in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.
- Interest rate risk is the risk that a security’s value will decrease with a rise in interest rates. To manage interest rate risk, the District maintains a formal short-term investment policy that limits a portion of its investments in maturities, not to exceed five (5) years. The short-term target balance is 85% of the Districts portfolio. The District also adopted a Long-term investment portfolio which targets 15% of investment dollars and may hold some maturities longer than five years. The District maintains and reports interest rate risk using the Weighted Average Maturity (WAM) method. A weighted average takes into consideration 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 short-term 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 net balance for governmental activity and business-type activities was \$1,196,000 and \$6,063,000 as of September 30, 2022 respectively. Business-type receivables include outstanding amounts owed from residents for utility services and amenity fees. Governmental receivables include primarily miscellaneous accounts receivable.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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, 2022 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, 2022 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 \$1,381,000 as of September 30, 2022.

Payables

Accounts Payable As of September 30, 2022, a total \$2,446,000 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, 2022 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, 2022 is expected to be repaid shortly after year-end from available current assets and next year funding.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Assets not being depreciated:				
Land	\$ 1,800,101	496,899	-	2,297,000
Construction in progress	3,836	1,888,887	(3,836)	1,888,887
Total assets not being depreciated	<u>1,803,937</u>	<u>2,385,786</u>	<u>(3,836)</u>	<u>4,185,887</u>
Assets being depreciated:				
Building	7,193,316	-	-	7,193,316
RTU - Building Lease	7,084,823	-	-	7,084,823
Furniture & fixtures	17,258,461	679,141	-	17,937,602
Infrastructure	1,912,929	384,977	-	2,297,906
Leasehold improvements	527,123	-	-	527,123
Total assets being depreciated	<u>33,976,652</u>	<u>1,064,118</u>	<u>-</u>	<u>35,040,770</u>
Total assets	<u>35,780,589</u>	<u>3,449,904</u>	<u>(3,836)</u>	<u>39,226,657</u>
Less accumulated depreciation and amortization for:				
Building	(1,301,674)	(260,978)	-	(1,562,652)
RTU - Building Lease	-	(1,049,695)	-	(1,049,695)
Furniture & fixtures	(8,364,285)	(1,314,661)	-	(9,678,946)
Infrastructure	(332,347)	(126,909)	-	(459,256)
Total Leasehold improvements	<u>(231,406)</u>	<u>(22,410)</u>	<u>-</u>	<u>(253,816)</u>
Governmental activities capital assets, net	<u>(10,229,712)</u>	<u>(2,774,653)</u>	<u>-</u>	<u>(13,004,365)</u>
	<u>25,550,877</u>	<u>675,251</u>	<u>(3,836)</u>	<u>26,222,292</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	4,066,717	7,492,243	(107,126)	11,451,834
	<u>14,280,933</u>	<u>7,492,243</u>	<u>(107,126)</u>	<u>21,666,050</u>
Assets being depreciated:				
Buildings and structures	70,237,530	-	-	70,237,530
Infrastructure	114,210,215	680,267	-	114,890,482
Total Furniture & fixtures	4,934,030	41,630	(5,275)	4,970,385
Total assets being depreciated	<u>189,381,775</u>	<u>721,897</u>	<u>(5,275)</u>	<u>190,098,397</u>
Total assets	<u>203,662,708</u>	<u>8,214,140</u>	<u>(112,401)</u>	<u>211,764,447</u>
Less accumulated depreciation for:				
Buildings and structures	(33,350,578)	(1,930,676)	-	(35,281,254)
Infrastructure	(63,475,751)	(3,880,033)	-	(67,355,784)
Furniture & fixtures	<u>(2,263,172)</u>	<u>(257,429)</u>	5,275	<u>(2,515,326)</u>
Total accumulated depreciation	<u>(99,089,501)</u>	<u>(6,068,138)</u>	<u>5,275</u>	<u>(105,152,364)</u>
Business activities capital assets, net	<u>104,573,207</u>	<u>2,146,002</u>	<u>(107,126)</u>	<u>106,612,083</u>
Total capital assets governmental and business activities:	<u>\$ 130,124,084</u>	<u>2,821,253</u>	<u>(110,962)</u>	<u>132,834,375</u>

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

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Net capital purchases for governmental activities totaled \$3,446,000 and \$8,107,000 for business activity. Depreciation and amortization expense of \$2,775,000 and \$6,068,000 was recognized during the year in governmental activity and business activity respectively.

NOTE 5 – INTANGIBLE ASSETS

Intangible Asset activity for the year ending September 30, 2022 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>(91,817,039)</u>	<u>(4,517,482)</u>	<u>-</u>	<u>(96,334,521)</u>
Intangible assets, net	<u>87,001,610</u>	<u>(4,517,482)</u>	<u>-</u>	<u>82,484,128</u>
LSSA:				
Discounted value of utilities charges	43,338,051	-	-	43,338,051
Less accumulated amortization	<u>(19,498,152)</u>	<u>(1,083,451)</u>	<u>-</u>	<u>(20,581,603)</u>
Intangible assets, net	<u>23,839,899</u>	<u>(1,083,451)</u>	<u>-</u>	<u>22,756,448</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>(111,315,191)</u>	<u>(5,600,933)</u>	<u>-</u>	<u>(116,916,124)</u>
Intangible assets, net	<u>\$ 110,841,509</u>	<u>(5,600,933)</u>	<u>-</u>	<u>105,240,576</u>

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

NOTE 6 – LONG- TERM DEBT

Long-term debt consists of the following Special Assessment Revenue bonds as of September 30, 2022:

Recreation Amenities Division Bonds:

\$172,425,000 Taxable Recreational Revenue Refunding Bonds, Series 2014 due in annual principal installments ranging from \$6,280,000 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%.	\$ 119,650,000
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VCSA Utility Revenue Bonds

\$14,320,000 Utility Revenue Refunding Bonds, Series 2014A due in annual principal installments ranging from \$1,740,000 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%.	3,550,000
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LSSA Utility Revenue Bonds

\$70,300,000 Utility Revenue Bonds, Series 2014B due in annual principal installments ranging from \$2,700,000 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%.	<u>54,325,000</u>
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Total revenue bonds payable	\$ 177,525,000
Plus premium	<u>1,575</u>
Total bond liability	<u>177,526,575</u>
Less current installment of revenue bonds payable	<u>(10,615,000)</u>
Revenue bonds payable less current installments	<u>\$ 166,911,575</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

Notes to Financial Statements

September 30, 2022

The annual requirements to amortize the principal and interest of all revenue bonds payable as of September 30, 2022, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
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	6,390,000	6,569,677	12,959,677
2028-2032	59,825,000	25,182,310	85,007,310
2033-2037	69,910,000	9,387,579	79,297,579
Total	\$ <u>177,525,000</u>	<u>71,607,867</u>	<u>249,132,867</u>

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Lease liability	\$ 7,084,823	-	(896,153)	6,188,670	998,605
Compensated absences	1,259,295	232,958	-	1,492,253	114,015
Other post-employment benefits	1,399,671	227,986	(509,624)	1,118,033	237,458
Governmental activities long-term debt	<u>9,743,789</u>	<u>460,944</u>	<u>(1,405,777)</u>	<u>8,798,956</u>	<u>1,350,078</u>
Business-type activities:					
Bonds payable					
RAD	125,675,000	-	(6,025,000)	119,650,000	6,280,000
VCSA Water and Sewer	5,225,000	-	(1,675,000)	3,550,000	1,740,000
LSSA Water and Sewer	56,815,000	-	(2,490,000)	54,325,000	2,595,000
Plus bond premium	<u>3,150</u>	<u>-</u>	<u>(1,575)</u>	<u>1,575</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>187,718,150</u>	<u>-</u>	<u>(10,191,575)</u>	<u>177,526,575</u>	<u>10,615,000</u>
Total Long Term Liabilities	\$ <u>197,461,939</u>	<u>460,944</u>	<u>(11,597,352)</u>	<u>186,325,531</u>	<u>11,965,078</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, 2022, 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

Notes to Financial Statements

September 30, 2022

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, 2022.

<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	\$ 44,023,642	\$ 11,809,498	26.83%	168,660,318	2036
Water and Sewer Revenue, VCSA Fund	7,494,843	1,816,701	24.24%	3,691,822	2023
Water and Sewer Revenue, LSSA Fund	11,859,164	5,106,480	43.06%	76,780,727	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

Notes to Financial Statements

September 30, 2022

The total expense per District is outlined below:

	Management Fees	Deed Compliance	Recreation Fees	Property Management	Customer Service	Safety Fees	Community Watch	Totals
SLCDD	\$ 2,506,713	\$ -	\$ 7,617,411	\$ 1,388,549	\$ 885,948	\$ 2,384,111	\$ 4,172,405	\$ 18,955,137
VCCDD	3,659,365	52,152	3,419,685	988,155	520,319	1,090,180	2,153,206	11,883,062
NSCUDD	1,387,444	-	-	-	-	-	-	1,387,444
SSU	80,157	-	-	-	-	-	-	80,157
Brownwood	198,369	-	-	-	-	-	-	198,369
MIDDLETON	500	-	-	-	-	-	-	500
District #1	172,593	32,250	-	-	-	-	-	204,843
District #2	184,300	39,731	-	-	-	-	-	224,031
District #3	200,031	33,691	-	-	-	-	-	233,722
District #4	273,084	57,687	-	-	-	-	-	330,771
District #5	191,811	63,900	-	-	-	-	-	255,711
District #6	195,194	80,745	-	-	-	-	-	275,939
District #7	167,886	32,688	-	-	-	-	-	200,574
District #8	181,923	69,941	-	-	-	-	-	251,864
District #9	178,030	56,320	-	-	-	-	-	234,350
District #10	190,471	86,794	-	-	-	-	-	277,265
District #11	130,478	-	-	-	-	-	-	130,478
District #12	187,244	254,843	-	-	-	-	-	442,087
District #13	135,246	-	-	-	-	-	-	135,246
Totals	<u>\$ 10,220,839</u>	<u>\$ 860,742</u>	<u>\$ 11,037,096</u>	<u>\$ 2,376,704</u>	<u>\$ 1,406,267</u>	<u>\$ 3,474,291</u>	<u>\$ 6,325,611</u>	<u>\$ 35,701,550</u>

The District has purchased from the Developer classified advertising, building rents, management services, and repair services for \$1,950,000. In addition, the District purchased IT-related services from the Developer totaling \$1,981,000, golf management services totaling \$14,447,000, 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 \$68,000 for reclaimed water services. The District paid bank fees to a bank affiliated with the Developer in the amount of \$30,000 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 \$3,333,000.

The District is governed by a five-member Board of Supervisors. As of September 30, 2022, 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, 2022

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 – LEASES:

The District leases four Office locations, three Fire Station and Cell Tower for Public Safety Communication. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The interest rate on the lease is based on the District’s incremental borrowing rate of 3.75%. The details of these leases are listed below:

Describe	Date	Payment Terms	Monthly Payment Amount	Interest Rate	Total Lease Liability	Balance September 30, 2022
984 Old Mill Run	8/1/2014	10 Years	\$ 34,708	3.75%	\$ 1,090,927	\$ 736,810
1026 Canal Street	8/1/2021	5 Years	10,527	3.75%	549,438	450,376
1071 Canal Street	8/1/2014	10 Years	10,527	3.75%	291,256	196,713
4890 Morse Boulevard	1/23/2020	10 Years	10,965	3.75%	937,652	842,444
Fire Station 40	6/30/2019	40 Years	1,796	3.75%	434,639	429,617
Fire Station 51	1/11/2022	31 Years	5,344	3.75%	1,293,111	1,278,169
Fire Station 47	6/13/2019	25 Years	24,216	3.75%	1,935,377	1,730,568
Cell Tower - Safety Communications	5/20/2010	25 Years	4,314	3.75%	552,423	523,973
			<u>\$ 102,397</u>		<u>\$ 7,084,823</u>	<u>\$ 6,188,670</u>

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

Annual requirements to amortize long-term obligations and related interest are as follows:

Fiscal year ending September 30:	Principal	Interest	Total Payments
2023	\$ 998,605	\$ 215,028	\$ 1,213,632
2024	948,616	177,067	1,125,683
2025	536,035	149,904	685,938
2026	535,399	129,486	664,885
2027	448,398	111,221	559,619
2028-2032	1,140,889	361,905	1,502,794
2033-2037	307,843	262,934	570,777
2038-2042	208,361	220,067	428,428
2043-2047	251,258	177,170	428,428
2048-2052	302,986	125,441	428,428
2053-2057	365,364	63,063	428,428
2058-2059	144,916	5,033	149,950
Total Future Payments	<u>\$ 6,188,670</u>	<u>\$ 1,998,319</u>	<u>\$ 8,186,989</u>

NOTE 10 – 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 in fiscal year 2021.

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, 2022

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	402
Total Plan Members	403

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

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

Description	Amount
Service Cost	\$ 191,138
Interest on total OPEB Plan Liability	37,400
Difference between Expected and Actual Experience	(509,624)
Implicit Rate Study	(552)
Benefit Payment	-
Net Change in OPEB Plan Liability	\$ (281,638)
Net OPEB Liability, Beginning Balance	1,399,671
Net OPEB Liability, Ending Balance	\$ 1,118,033
Net OPEB liability as a % of Covered Payroll	3.50%

Funded Status and Funding Progress As of September 30, 2022, the total OPEB Plan liability was \$1,118,000, 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 \$31,526,000, and the ratio of the total OPEB Plan liability to the covered payroll was 3.50%.

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, 2021, was the actuarial valuation date. For development of per capita cost purposes and for valuation purposes, October 1, 2021, 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 September 30, 2022, 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, 2021 actuarial valuation of the VCCDD Medical Plan.

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

The 2021 Pension Protection Act mortality tables were used in the October 1, 2021 actuarial valuation. They are based on the results of a statewide experience study covering the period 2006 through 2021.

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 5.50% 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 4.02% (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 \$203,000 for the fiscal year ended September 30, 2022. At September 30, 2022, 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	\$ 156,073
Change of Assumptions - FY 2020	69,657
	225,730
Description	Deferred Inflow of Resources
Change of Assumptions - FY 2018	\$ (44,638)
Change of Assumptions - FY 2021	(5,113)
Change of Assumptions - FY 2022	(459,165)
	\$ (508,916)

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

September 30, 2022

The deferred outflows of resources and the deferred inflows of resources related to OPEB, 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	\$ 25,181
2023	25,181
2024	25,180
2025	25,180
2026	25,180
Thereafter	157,284
	<u>\$ 283,186</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 4.02%, as well as what the OPEB Plan liability would be if it were calculated using a discount rate which is 1-percentage-point lower (3.02%) or 1-percentage-point higher (5.02%) than the current rate:

	<u>1% Decrease in Discount Rate (3.02%)</u>	<u>1% Decrease in Discount Rate (4.02%)</u>	<u>1% Decrease in Discount Rate (5.02%)</u>
OPEB Plan Liability	\$ 1,407,748	\$ 1,118,033	\$ 946,498

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 \$	886,092	\$ 1,118,033	\$ 1,437,097

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 191,138	\$ 154,518	\$ 135,667	\$ 114,713	\$ 80,229
Interest on Total OPEB Plan Liability	37,400	30,402	28,278	28,790	22,946
Difference between Expected and Actual Experience	(509,624)	(6,344)	98,283	255,166	(86,748)
Benefit Payment	-	-	-	(8,204)	-
Implicit Rate Study	(552)	(23)	(23)	81	81
Net Change in Total OPEB Plan Liability	(281,638)	178,553	262,205	390,546	16,508
Total OPEB Plan Liability, Beginning	1,399,671	1,221,118	958,913	568,367	551,859
Total OPEB Plan Liability, Ending	<u>\$ 1,118,033</u>	<u>\$ 1,399,671</u>	<u>\$ 1,221,118</u>	<u>\$ 958,913</u>	<u>\$ 568,367</u>
Total OPEB Plan Liability	\$ 1,118,033	\$ 1,399,671	\$ 1,221,118	\$ 958,913	\$ 568,367
Covered Employee Payroll	\$ 31,526,000	\$ 30,177,000	\$ 27,650,000	\$ 25,250,000	\$ 26,202,000
Total OPEB Plan Liability as a Percentage of Covered Employee Payroll	3.5%	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

**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, 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 February 28, 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 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 were not 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**

Report on 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 28, 2023
Ocala, Florida

**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

Opinion on Each Major Federal Program

We have audited Village Center Community Development District's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

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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**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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*

Board of Supervisors
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**

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Ocala, Florida
February 28, 2023

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, 2022, and have issued our report thereon dated February 28, 2023.

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; 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 Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 28, 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 financial audit report. There were no prior year findings made in the preceding financial audit report.

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, 2022, basic financial statements for this information). There are no component units related to the District.

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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 the review of financial information provided by same.

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

Special Districts

For information required by Section 218.39(3) (c), Florida Statutes, and Section 10.554(1)(i)6 and 7, *Rules of the Auditor General*, 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 28, 2023
Ocala, Florida

**Village Center Community Development District
Attachment to the Management Letter
For the Year Ending September 30, 2022**

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 1,220 paid 9/23/22.
- b) The total number of independent contractors to whom nonemployee compensation was **paid in the last month** of the district's fiscal year as 5.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$32,315,823.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$8,417,906.
- 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 4,813,914 (**LIST ATTACHED**).
- 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 "Budget to Actual" statements in the "Basic Financial Statements", pages 18 & 19.***

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 Please see attachment.
- b) The total amount of special assessments collected by or on behalf of the district as \$19,058,170 please see attachment.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as \$177,526,575 please see attachment.

FY 2021-22**Capital Expenditure Summary > \$65,000**

PROJECT DESCRIPTION	CAPITAL > \$65,000 AS OF 09/30/2022
NEW AMBULANCES & EQUIPMENT	\$ 2,143,649
LSSA - AMI IMPLEMENTATION	363,114
M/O-VAN PATTEN PARKING LOT	291,861
GREENS, TEES & COURSE ENHANCEMENTS	265,748
FIRE STATION 43 RENOVATION	242,335
MINI EXCAVATOR, LOADER & TRAILER	186,256
RIB #3 EMBANKMENT REPAIR	176,063
COAT CHLORINE CONTACT CHAMBERS	171,250
FUEL FACILITY SECURITY	129,401
LIFEPAK15 & STRETCHER - AMBULANCE EQUIP	108,336
LSSA - VALVE REPLACEMENT PROGRAM	104,254
VCSA - AMI IMPLEMENTATION	103,384
ASSET MANAGEMENT & GIS DEVELOPMENT	97,433
VCSA - VALVE REPLACEMENT PROGRAM	96,134
DEEP TREKKER	91,807
WWTP HIGH SERVICE PUMP STATION REPL	89,763
GARAGE CONVERSION & HVAC	87,623
BLOWER NO. 3 PANEL AND MAIN IMPR.	65,504
	<u>\$ 4,813,914</u>

**Village Center Community Development District
Special District - Non-Ad Valorem Special Assessments and Bonds
FYE September 30, 2022**

Special Assessment Rate:	
Sumter Fire MSBU assessment rate per Residence	\$ 124.00
VOSS - CAM assessment rate per square foot	3.26 to 3.35
Rolling Acres - CAM assessment rate per square foot	0.35
Commercial Road Maintenance per square foot	0.09
Special Assessments Collected	
Department of Public Safety - Fire Assessments	\$ 17,614,585
VOSS - CAM assessments	1,299,311
Rolling Acres - CAM assessments	107,669
Commercial Area Road Maintenance assessments	36,605
Total	\$ 19,058,170
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 \$6,280,000 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%.	\$ 119,650,000
VCSA Utility Revenue Bonds	
\$14,320,000 Utility Revenue Refunding Bonds, Series 2014A due in annual principal installments ranging from \$1,740,000 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%.	3,551,575
LSSA Utility Revenue Bonds	
\$70,300,000 Utility Revenue Bonds, Series 2014B due in annual principal installments ranging from \$2,700,000 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%.	54,325,000
Total revenue bonds payable	\$ 177,526,575
Less current installment of revenue bonds payable	(10,615,000)
Revenue bonds payable less current installments	\$ 166,911,575

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 (the District) compliance with Section 218.415, Florida Statutes, with regards to the District's investments during the fiscal year ended September 30, 2022. 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.

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

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, 2022.

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



February 28, 2023
Ocala, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

**VILLAGE COMMUNITY DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Program or Award Amount</u>	<u>Expenditures/ Expenses</u>
<u>Federal Awards</u>				
Department of Homeland Security				
Passed Through Federal Emergency Management Agency:				
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2019-FF-01159	97.083	6,521,958	1,827,947
Department of Homeland Security				
Passed Through Federal Emergency Management Agency:				
COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Preventative Measures to Control the Spread of COVID 19)	8035F	97.036	130,706	130,706
Total Department of Homeland Security			<u>6,652,664</u>	<u>1,958,653</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,652,664</u></u>	<u><u>\$ 1,958,653</u></u>

Basis of Presentation

The accompanying schedule of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance

The deminimus rate was not utilized.

**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:	<u>Assistance Listing No.</u>
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.