



**FOR THE FISCAL
YEAR ENDED
SEPTEMBER 30,
2024**

An aerial photograph of the Middleton Downtown Community Development District. The central focus is a large, white, classical-style building with a prominent portico supported by columns. The building is surrounded by modern, multi-story commercial buildings with flat roofs and numerous air conditioning units. Large parking lots filled with cars are visible in the middle ground. In the background, there is a residential area with houses and a large body of water, possibly a lake or a large pond, with palm trees scattered throughout the landscape. The sky is clear and blue.

ANNUAL FINANCIAL REPORT

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

MIDDLETON DOWNTOWN COMMUNITY DEVELOPMENT DISTRICT

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Financial Section

Annual Financial Report

PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Middleton Downtown 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 and each major fund of the Middleton Downtown Community Development District (the District) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2024, and the respective changes in financial position and the budgetary comparison statement for the General Fund and Projectwide Fund 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.

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.

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.

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 The Villages, Florida

INDEPENDENT AUDITOR'S REPORT

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

Board of Supervisors
Middleton Downtown Community Development District
The Villages, Florida

INDEPENDENT AUDITOR’S REPORT

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2025, 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.

Purvis Gray

May 5, 2025
Ocala, Florida

Management's Discussion and Analysis September 30, 2024

This Management Discussion and Analysis report provides the reader with a narrative overview and analysis of the financial activities of the Middleton Downtown Community Development District for the fiscal year ending September 30, 2024. 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 \$428,833; the deferred outflows of the resources of the District are \$0; total assets and deferred outflows have increased \$417,208 over prior year.
- Total liabilities of the District are \$277,585; the deferred inflows of the resources of the District are \$0; total liabilities and deferred inflows have increased \$265,960 over prior year.
- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$151,248 (net position) as of September 30, 2024. Of this amount, \$151,248 is unrestricted and can be used at the discretion of the Board of Supervisors.
- At September 30, 2024, net position for governmental activities was \$151,248 or 17% of total governmental revenues. Of this amount, \$0 is committed for renewal and replacement.
- The current year's unassigned fund balance for the Middleton Downtown General Fund is \$639, or 0.4% of total general fund operating revenues.
- The total net position has increased from a fiscal year 2023 balance of \$0 to a fiscal year 2024 balance of \$151,248 as it is the first full year of operation.
- The District's total revenues of \$880,869 exceeded the expenses of \$729,621 for governmental activities, providing a \$151,248 increase in total net position.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$0. The District has no capital assets as of September 30, 2024.
- The District has no long term debt at September 30, 2024.

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.

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 14 - 15 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 are considered governmental funds. There are no proprietary or fiduciary funds maintained by the District. 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 fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. At this time there are no reconciling differences.

The District maintains two governmental funds, the Middleton Downtown General Fund and Middleton Downtown Projectwide Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the funds which are considered to be a major funds.

A budgetary comparison statement is provided for the Middleton Downtown General Fund and Middleton Downtown Projectwide Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 - 20 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 22.

Government-Wide Financial Statements and Analysis

Statement of Net Position

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

	Governmental Activities	
	September 30, 2024	September 30, 2023
Assets:		
Current and other assets	\$ 428,833	\$ 11,625
Total assets	<u>428,833</u>	<u>11,625</u>
Liabilities:		
Current and other liabilities	<u>277,585</u>	<u>11,625</u>
Total liabilities	<u>277,585</u>	<u>11,625</u>
Net position:		
Unrestricted	<u>151,248</u>	-
Total net position	<u>\$ 151,248</u>	<u>-</u>

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 \$151,248. The net position increased \$151,248 from a balance of \$0 as of September 30, 2023.

The District’s net position is in one single category. 100.0% reflects unrestricted and available to meet the future needs of the district.

Statement of Changes in Net Position

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

	Governmental Activities	
	September 30, 2024	September 30, 2023
Program revenues:		
Charges for services	\$ 696,290	-
Operating grants and contributions	178,005	11,625
General revenues:		
Investment earnings (losses)	6,546	-
Other revenues	28	-
Total revenues	<u>880,869</u>	<u>11,625</u>
Expenses:		
General government services	6,405	2,533
Physical environment	723,216	9,092
Total expenses	<u>729,621</u>	<u>11,625</u>
Changes in net position	151,248	-
Net position, beginning	-	-
Net position, ending	<u>\$ 151,248</u>	<u>-</u>

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.

The District’s revenues for the years ended September 30, 2024, and September 30, 2023 were \$880,869 and \$11,625 respectively. The increase in revenue is primarily due to a significantly higher amount of charges for services. An increase in Charges for Services were necessary due to the increase in the District’s maintenance responsibility. The District’s expenses for the years ended September 30, 2024, and September 30, 2023, were \$729,621 and \$11,625 respectively. The increase in expense was due to an increase in physical environment and general government. The increase in expenses was also due to the increase in maintenance responsibilities.

Revenues include Developer Contributions, Projectwide Fees and investment earnings (losses) on cash balances held during the year. Contributions increased by \$166,380 over prior year. Charges for services totaled \$696,290 in Fiscal Year 2024, an increase of \$696,290 over prior year zero balance. Investment income (loss) increased by \$6,546 from a prior year balance of zero.

Expenses General government expenses increased by \$3,872 in fiscal year 2024 compared to fiscal year 2023. Physical environment expenses, including landscaping, irrigation, utilities and maintenance costs, increased \$714,124 from \$9,092 in the prior year. There were no depreciation expenses during the year.

Financial Analysis Of The Government’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Following is a discussion of the financial statements on a fund accounting level.

Governmental Fund

As of September 30, 2024, the District’s governmental funds reported a fund balance of \$151,248. Of the total fund balance, the unassigned fund balance of \$151,248 is available for spending at the government’s

discretion, while \$0 is committed for renewal and replacement. Funding for renewal and replacement will be set aside in the future once the District has reached buildout.

The General Fund is the operating fund of the District and is used to pay for core governmental services such as management fees and legal services. The general fund reported an ending balance of \$639. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned and total fund balance to total fund expenditures. General Fund unassigned fund balance represents 0.4% of total annual General Fund expenditures and total fund balance represents 0.4% of total annual General Fund expenditures. The District is under construction and therefore reserves have not been established. As the District builds out, fund balance is expected to increase.

The Middleton Downtown Projectwide Fund is considered a special revenue major fund. The fund was created to account for projectwide improvements within the Middleton Downtown District. An interlocal agreement with Middleton Downtown Community Development District and Middleton A Community Development Districts allows the fund to maintain, repair and replace certain defined areas. The fund reported an ending balance of \$150,609.

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 2024, the final Middleton Downtown General Fund revenue budget was changed compared to the original budgeted revenues mostly due to an increase of \$35,644 in Revenues, which is an increase of \$35,644 in Other income. Other income mainly consists of Developer Contributions.
- The final expenditure budget was changed compared to the original budgeted expenditures primarily due to \$35,644 increase in expenditures; \$29,844 increase in building, landscape and other maintenance, \$10,800 increase in other expenditures, \$1,200 increase in personnel services, \$700 increase in management and other professional services, and \$6,900 decrease in utility services.
- Total revenues were \$40,788, or 18.6% under budget for the year primarily due to decrease in other income by \$41,398. Developer contributions are based on actual expenditures. Expenditures were \$41,000 less than expected and therefore revenues were \$41,000 less than expected.
- Total expenses were \$41,427 or 18.9% below budget for the fiscal year ending September 30, 2024.

Projectwide Fund

- During fiscal year 2024, the Projectwide Fund revenues budget was unchanged compared to the original budgeted revenues.
- The final expenditure budget remained unchanged in comparison to original budget.
- Total revenues were \$5,936, or 0.9% over budget for the year.
- Total expenses were \$144,673 or 20.8% below budget for the fiscal year ending September 30, 2024.

Capital Assets And Debt Administration

Capital Assets

As of September 30, 2024 there were no Capital Assets for the District. There were neither additions nor disposals during the year. Depreciation expenses totaled \$0 due to zero balance of capital assets.

Long-Term Debt

As of September 30, 2024, the District has no outstanding debt.

Economic Factors and Next Year's Budget and Rates

Local, state and national economic factors influence the District's budget in a variety of ways. These factors were considered in preparing the District's budget for the 2024 Fiscal Year.

- The unemployment rate in Sumter County where the District is located was 5.4% in September 2024, an increase from 4.8% a year ago. The County's average unemployment rate was above the State's average unemployment rate of 3.4% which was below the national average rate of 3.9%.
- Inflationary trends in the area are comparable to national indices. The national Consumer Price Index (CPI) annual change for all urban consumers decreased from 3.7% in September 2023 to 2.4% in September 2024.

In Fiscal Year 2025, total revenues are projected to increase by \$566,000 compared to the Fiscal Year 2024 final budget. The Fiscal Year 2025 Middleton Downtown Community Development District expenditure budget is also projected to increase by \$564,000, when compared to the Fiscal Year 2024 final budget.

To Obtain Further Information

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

3571 Kiessel Road

The Villages, FL 32163

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.

**Statement of Net Position
September 30, 2024**

	Governmental activities
Assets	
Cash and cash equivalents	\$ 259,795
Receivables, net	29,121
Due from other governments	139,917
Total assets	<u>428,833</u>
Liabilities	
Accounts payable	11,590
Due to other governments	265,995
Total liabilities	<u>277,585</u>
Net position	
Unrestricted	151,248
Total net position	<u>\$ 151,248</u>

See accompanying notes to basic financial statements.

Statement of Activities
Year Ended September 30, 2024

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	Total
Governmental activities						
General government	\$ 6,405	-	6,406	-	1	1
Physical environment	723,216	696,290	171,599	-	144,673	144,673
Total governmental activities	729,621	696,290	178,005	-	144,674	144,674
Total primary government	\$ 729,621	696,290	178,005	-	144,674	144,674
General revenues						
Investment earnings (losses)					\$ 6,546	6,546
Other revenues					28	28
Total general revenues					6,574	6,574
Change in net position					151,248	151,248
Net position, beginning					-	-
Net position, ending					\$ 151,248	151,248

See accompanying notes to basic financial statements.

**Balance Sheet
Governmental Funds
September 30, 2024**

	Major Funds		Total
	Middleton Downtown General Fund	Middleton Downtown Projectwide Fund	
Assets			
Cash and cash equivalents	\$ 7,933	251,862	259,795
Due from other funds	-	22,768	22,768
Due from other governments	-	139,917	139,917
Receivables, net	29,121	-	29,121
Total assets	37,054	414,547	451,601
Liabilities			
Accounts payable	194	11,396	11,590
Due to other funds	22,768	-	22,768
Due to other governments	13,453	252,542	265,995
Total liabilities	36,415	263,938	300,353
Fund balances			
Unassigned	639	150,609	151,248
Total fund balances	639	150,609	151,248
Total liabilities and fund balances	\$ 37,054	414,547	451,601

See accompanying notes to basic financial statements.

**Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
September 30, 2024**

Total fund balances, governmental funds	\$ 151,248
Total net position reported for governmental activities in the statement of net position is different because:	
There are no reconciling items	_____
Net position of governmental activities	<u>\$ 151,248</u>

See accompanying notes to basic financial statements.

**Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
Year Ended September 30, 2024**

	Major Funds		Total
	Middleton Downtown General Fund	Middleton Downtown Projectwide Fund	
Revenues			
Charges for services:			
Management and other fees collected:			
Intergovernmental revenue	\$ -	696,290	696,290
Investment earnings (losses)	610	5,936	6,546
Other income:			
Contributions and donations from private sources	178,005	-	178,005
Other revenues	28	-	28
Total revenues	<u>178,643</u>	<u>702,226</u>	<u>880,869</u>
Expenditures			
Current:			
General government	6,405	-	6,405
Physical environment	171,599	551,617	723,216
Total expenditures	<u>178,004</u>	<u>551,617</u>	<u>729,621</u>
Excess of revenues over expenditures	<u>639</u>	<u>150,609</u>	<u>151,248</u>
Net change in fund balances	<u>639</u>	<u>150,609</u>	<u>151,248</u>
Fund balances, beginning	-	-	-
Fund balances, ending	<u>\$ 639</u>	<u>150,609</u>	<u>151,248</u>

See accompanying notes to basic financial statements.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2024**

Net change in fund balances – total governmental funds	\$	151,248
There are no reconciling items		<hr/>
Change in net position of governmental activities	\$	<u>151,248</u>

See accompanying notes to basic financial statements.

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Middleton Downtown General Fund
Year ended September 30, 2024**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>YTD Actual</u>	<u>Variance</u>
Revenues				
Investment earnings (losses)	\$ -	-	610	610
Other income	183,787	219,431	178,033	(41,398)
Total revenues	<u>183,787</u>	<u>219,431</u>	<u>178,643</u>	<u>(40,788)</u>
Expenditures				
Personnel services	-	1,200	646	(554)
Management and other professional services	21,000	21,700	5,680	(16,020)
Utility services	10,000	3,100	-	(3,100)
Building, landscape and other maintenance	151,787	181,631	162,492	(19,139)
Other expenditures	1,000	11,800	9,186	(2,614)
Total expenditures	<u>183,787</u>	<u>219,431</u>	<u>178,004</u>	<u>(41,427)</u>
Excess (deficiency) of revenues over expenditures	-	-	639	639
Net change in fund balances	-	-	639	639
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>-</u>	<u>639</u>	<u>639</u>

See accompanying notes to basic financial statements.

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Middleton Downtown Projectwide Fund
Year ended September 30, 2024**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>YTD Actual</u>	<u>Variance</u>
Revenues				
Management and other fees collected	\$ 696,290	696,290	696,290	-
Investment earnings (losses)	-	-	5,936	5,936
Total revenues	<u>696,290</u>	<u>696,290</u>	<u>702,226</u>	<u>5,936</u>
Expenditures				
Management and other professional services	1,000	16,000	11,705	(4,295)
Utility services	99,387	134,540	133,249	(1,291)
Building, landscape and other maintenance	595,903	545,750	406,663	(139,087)
Total expenditures	<u>696,290</u>	<u>696,290</u>	<u>551,617</u>	<u>(144,673)</u>
Excess (deficiency) of revenues over expenditures	-	-	150,609	150,609
Net change in fund balances	-	-	150,609	150,609
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>-</u>	<u>150,609</u>	<u>150,609</u>

See accompanying notes to basic financial statements.

Notes to Financial Statements

Note 1 - Summary Of Significant Accounting Policies

Financial Reporting Entity

Middleton Downtown Community Development District (the District) was established on March 27, 2023, for the purpose of acquiring, operating, and maintaining certain community-wide infrastructure for a commercial community development district located entirely within the City of Wildwood and Sumter County, Florida. The District was created by the City of Wildwood Ordinance No. O2023-2, pursuant to the provisions of Chapter 190.005, 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, 2024, each member of the Board of Supervisors is an employee of or affiliated with the Developer.

The District boundary consists of approximately 61.14 acres in the City of Wildwood and Sumter County. The Villages Development Company, LLC. was the developer and initial owner of the property within the District. The District's primary purpose is to provide governmental and property maintenance services to this commercial 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 89 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 150,000. Development is currently underway in the south end of The Villages.

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

There are no component units that are legally separate from the District. There are nineteen 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 (including transport services) and executive golf services to the residents. The cost of operations is funded by amenity and utility fees that residents pay monthly. This District also provides for the maintenance of common areas and roadways for the commercial areas within the District boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments. Lastly, the District provides administrative services, including human resources, payroll, accounting, property management, recreation leadership and community standard services to the Community Development Districts

- Sumter Landing Community Development District provides recreation facilities and services, security, fire protection, emergency medical first response (non-transport) and executive golf services to the residents. The cost of operations is funded by amenity fees that residents pay monthly. This District also provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries in Sumter County. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments.
- Brownwood Community Development District provides the maintenance of common areas and roadways for the commercial areas within the District boundaries in Sumter County. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments in the downtown area.
- The Village Community Development District No. 1 boundary consists of approximately 993 acres in Sumter County. The development includes original construction of 3,420 residential units and 24 additional planned 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.
- 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.
- The Village Community Development District No. 10 boundary consists of approximately 1,489 acres in Sumter County. The development includes construction of 6,639 residential units.
- The Village Community Development District No. 11 boundary consists of approximately 693 acres within the city limits of Fruitland Park in Lake County. The development included construction of 2,055 residential units.
- The Village Community Development District No. 12 boundary consists of approximately 1,483 acres within the city limits of the City of Wildwood in Sumter County. The development included construction of 6,202.
- The Village Community Development District No. 13 boundary consists of approximately 2,232 acres within the city limits of the City of Wildwood in Sumter County. Planned development includes construction of 8,062 residential units.
- The Village Community Development District No. 14 boundary consists of approximately 1,013 acres within the city limits of the City of Leesburg in Lake County. Planned development includes construction of 3,234 residential units.
- The Village Community Development District No. 15 boundary consists of approximately 1,378 acres within the city limits of the City of Wildwood in Sumter County. Planned development includes construction of 3,616 residential units in Phase I.

In order to acquire land and fund the construction costs of the public infrastructure in each of the Districts above, each 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 wastewater distribution and collection service system. The bonds are supported by assessments that are levied upon the benefiting properties. In addition to the bond assessment for construction of the infrastructure, there is an annual maintenance assessment to provide for the services and ongoing maintenance and administration.

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

In addition to the above community development districts, there 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 non-potable irrigation water to Village properties between C.R. 466 to S.R 44 in Sumter County. NSCUDD also provides solid waste sanitation services for 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, wastewater and irrigation service to Village properties located south of State Road 44, specifically Village Community Development Districts 12, 13, and 14.

Middleton, By The Villages

During fiscal year 2023, the Developer introduced Middleton A, a family oriented or non-age restricted community known as “Middleton By The Villages.” This community will offer residents their own recreation, community parks, and a charter school in addition to a town center with shopping, dining, and entertainment.

To provide for the necessary community wide infrastructure for this new community two new Districts were formed.

- Middleton Community Development District A (the District) was established for the purpose of planning, financing, constructing, operating, and maintaining the community-wide infrastructure for this new community development district located entirely within Sumter County, Florida. Phase I consists of 1008 residential units.
- Middleton Downtown Community Development District (the District) provides the maintenance of common areas and commercial areas within the District boundaries in Sumter County as well as the project-wide areas within both Middleton Downtown Community Development District and Middleton Community Development District A. The cost of maintenance in the commercial areas is funded through Developer Contributions until the new downtown area builds out. The cost of the project-wide maintenance is funded through fees paid from both the residential and commercial Middleton Districts.

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 District has no business-type activities.

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 funds. Major individual governmental 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 governmental fund financial statements typically include reconciliations with brief explanations to better identify the relationship between the government-wide and the statements of the governmental funds. At this time there are no reconciling items between the governmental fund financial statements and the government-wide financial statements. The District reports Middleton Downtown General Fund and Middleton Downtown Projectwide Fund as the major funds. The District has no non-major funds.

Program revenues in the statement of activities consist primarily of maintenance fees, Operating grants and contributions. 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 consists of assets that have third party (statutory, bond covenant or granting agency) or enabling legislation limits on their use. The District would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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.

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:

Middleton Downtown 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.

Middleton Downtown Projectwide Fund: The fund is used to provide for the operation, maintenance, repair and replacement of certain defined areas and improvements within Middleton Community Development District-A and Middleton Downtown Community Development District. Through an interlocal agreement the areas of responsibility include landscaping of road right of ways, medians and entryways. In addition, maintained areas include lakes, shorelines, stormwater management systems and transportation such as multi-modal and cart path trails.

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 that 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 that 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 that 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 that 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 that has not been assigned to other funds and that 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 non-spendable or assigned categories of fund balance. The Board of Supervisors, the highest decision making authority of the District, approves the establishment, increase and reduction in committed fund balances by budget resolutions and amendments. All other fund balances are unassigned. Restricted and Committed fund balances are always used first for the purposes for which they are designated. Changes to this practice require prior Board of Supervisors approval. A minimum fund balance amount has not been formally adopted.

Budgetary Information

The annual budget is formally adopted by the Board of Supervisors and serves as the legal authorization for expenditures. Legal authority and control are established in accordance with Section 190.008, Florida Statutes. The annual budget, as well as any subsequent amendment, is adopted and approved for the Middleton Downtown General Fund and Middleton Downtown Projectwide Fund by the Board of Supervisors. The legal level of budgetary control (i.e. the level at which expenditures may not exceed appropriations) is the fund level. Budgets are adopted on a basis consistent with GAAP. Budget transfers of \$100,000 or more require Board Approval. 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.

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

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

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

Use of Estimates

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

Note 2 - Cash, Cash Equivalents And Investments

The District plans to approve an Investment Policy in compliance with guidelines established by Florida Statutes in the upcoming year.

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

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

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

collateral based on the amount of public deposits maintained at the institution and the ability of the State of Florida to levy other public depositories for shortages in collateral in the event of the failure of a public depository. Citizens First Bank is a Qualified Public Depository.

As of September 30, 2024, the District’s Cash and Cash Equivalents consisted of:

Cash and Cash Equivalents	Cash and Cash Equivalent
Citizens First Bank demand deposits	259,795
Total Fair Value	\$ 259,795

As the District becomes more established, the District will invest 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 depositors, 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 plans to adopt a Long-Term investment policy that will further segregate a portion of its investment into a longer-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 plans to adopt 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.

Note 3 - Receivables And Payables

Receivables Maintenance of infrastructure is supported by Commercial Assessment Maintenance levied by the District. In the fiscal year the Developer was billed for actual maintenance expenditures. The maintenance assessments are used to fund landscaping & irrigation in common areas, parking areas and the stormwater collection system. As of September 30, 2024, the District had a Receivable amount of \$29,121.

Due from other Governments As of September 30, 2024, a total \$139,917 is 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.

Due from Other Funds The inter-government balances result from the time lag between the dates that (1) inter-government goods and services were provided or reimbursable expenditure occurred, (2) transactions are recorded in the accounting system and (3) payments between governments are made. The balance, if

any, at September 30, 2024 is expected to be repaid shortly after year-end from available current assets and next year funding.

There is no allowance for doubtful accounts as management believes the accounts are fully collectible as of September 30, 2024.

Payables

Accounts Payable As of September 30, 2024, a total \$11,590 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 As of September 30, 2024, a total \$265,995 is 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, 2024 is expected to be repaid shortly after year-end from available current assets and next year funding.

Due to Other Funds The inter-government balances result from the time lag between the dates that (1) inter-government goods and services were provided or reimbursable expenditure occurred, (2) transactions are recorded in the accounting system and (3) payments between governments are made. The balance, if any, at September 30, 2024, is expected to be repaid shortly after year-end from available current assets and next year funding.

Note 4 - Related Parties

The District has no employees. For certain management, finance, technology and administrative services, the District entered into an inter-local agreement with Village Center Community Development District (Center District), a community development district created under Florida Statute 190. Under the agreement, management fees accrued to the Center District by the District for such services totaled \$69,018 for the year ended September 30, 2024.

An interlocal agreement was entered with Middleton Community Development District-A (MCDDA) and Middleton Downtown Community Development (MDCDD) for maintenance of Project Wide Improvements. Middleton Downtown Projectwide Fund receives funds from MCDDA and MDCDD to share in the cost to maintain improvements and facilities that extend beyond the geographic boundaries of those individual Districts and benefit all residents of the Districts. During the fiscal year ending September 30, 2024, the District received \$419,761 from MCDDA and \$113,844 from MDCDD. Both MCDDA and MDCDD have a payable balance owed to Project wide of \$139,917 and \$22,768 respectively.

The District has an inter-local agreement with Eastport Community Development District, for the maintenance of water conservation structures. During FY 2024, the District paid \$4,644 to Eastport under this agreement.

The Villages Development Company has agreed to reimburse the District for Landscaping and Irrigation maintenance and the maintenance costs of the water conservation structures until such time that commercial maintenance assessments are received through the county tax collections. In FY 2024 the Developer paid \$178,005 to MDCDD.

The District paid Middleton Utility Company LLC, a developer owned by The Villages, a total of \$124,362 for its water and irrigation in FY 2024. The District paid Gibson Place Utility Company, LLC, a utility company owned by The Villages, a total of \$177 for its water and irrigation in FY 2024. The District paid The Daily Sun, a newspaper owned by The Villages, a total of \$1,257 for certain legal advertisements in FY 2024.

Note 5 - 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, natural disasters, cyber liability and Worker's Compensation liability. 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.



Other Reports

Annual Financial Report

PURVIS GRAY

**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
Middleton Downtown 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 and each major fund of Middleton Downtown Community Development District (the District) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 5, 2025.

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 District’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 or significant deficiencies may exist that were not identified.

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Middleton Downtown Community Development District
The Villages, Florida

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

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.

Purvis Gray

May 5, 2025
Ocala, Florida

PURVIS GRAY

MANAGEMENT LETTER

Board of Supervisors
Middleton Downtown Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the financial statements of Middleton Downtown Community Development District (the District) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 5, 2025

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent 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 May 5, 2025, 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 was no prior 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, 2024, basic financial statements for this information). There are no component units related to the District.

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 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.

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Middleton Downtown Community Development District
The Villages, Florida

MANAGEMENT LETTER

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

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

Special Districts

For information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i) 7 and 9, *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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has 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.

Purvis Gray

May 5, 2025
Ocala, Florida

Middleton Downtown Community Development District Attachment to the Management Letter For the Year Ending September 30, 2024

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)7, Rules of the Auditor General, the Middleton Downtown Community Development District reported:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as N/A .
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as N/A .
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as N/A .
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as N/A .
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0 .
- 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 included . ***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", page 17 -18.***

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)8, Rules of the Auditor General, the Middleton Downtown Community Development 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)9, Rules of the Auditor General, the Middleton Downtown Community Development District reported:

- a) The rate or rates of non-ad valorem special assessments imposed by the District as \$0 for maintenance and bond payment assessment.
- b) The total amount of special assessments collected by or on behalf of the district as \$0..
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as \$0..

PURVIS GRAY

INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH FLORIDA STATUTES, SECTION 218.415 - INVESTMENT OF PUBLIC FUNDS

Board of Supervisors
Middleton Downtown Community Development District
The Villages, Florida

We have examined Middleton Downtown Community Development District’s (the District) compliance with Section 218.415, Florida Statutes, with regards to the District’s investments during the fiscal year ended September 30, 2024. 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 with the aforementioned requirements during the fiscal year ended September 30, 2024, in all material respects.

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.

Purvis Gray

May 5, 2025
Ocala, Florida

CERTIFIED PUBLIC ACCOUNTANTS

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