

FOR THE FISCAL  
YEAR ENDED  
SEPTEMBER 30,  
2023



# ANNUAL FINANCIAL REPORT

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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# Financial Section

Annual Financial Report

# PURVIS GRAY

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## 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, 2023, 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, 2023, 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 thereof 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.

### CERTIFIED PUBLIC ACCOUNTANTS

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

## 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.

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

**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 other postemployment benefit schedules, as listed in the table 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 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, 2024, 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, 2024  
Ocala, Florida

## Management's Discussion and Analysis September 30, 2023

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, 2023. 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 \$424,925,033; the deferred outflows of resources of the District are \$2,925,180; total assets and deferred outflows have increased \$17,995,638 over prior year, an increase of 4.4%.
- Total liabilities of the District are \$189,142,991; the deferred inflows of resources of the District are \$982,081; total liabilities and deferred inflows have decreased \$8,382,721 over prior year, a decrease of 4.2%.
- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$237,725,141 (net position) as of September 30, 2023. Of this amount, \$138,988,014 is unrestricted and can be used at the discretion of the Board of Supervisors.
- At September 30, 2023, net position for governmental activities was \$65,941,751, or 82.1% of total governmental revenues. Of this amount, \$23,190,045 reflects net investments in capital assets, \$19,733,266 is restricted.
- The current year's unrestricted net position for governmental activities is \$23,018,440, or 28.7% of total governmental revenues.
- At September 30, 2023, net position for business-type activities was \$171,783,390, or 221.5% of total business-type revenues. Of this amount, \$40,707,164 reflects net investments in capital assets, \$15,106,652 is restricted.
- The current year's unrestricted net position for business-type activities is \$115,969,574, or 149.5% of total business-type revenues.
- The total net position has grown from a fiscal year 2022 balance of \$211,346,783 to a fiscal year 2023 balance of \$237,725,141.
- The District-wide total revenues of \$157,856,058 exceeded the expenses of \$131,477,699, providing a \$26,378,359 increase in total net position; the increase in net position for the governmental activities and business-type activities was \$8,324,526 and \$18,053,833, respectively.
- Depreciation expenses on existing capital assets for the current fiscal year amounted to \$9,265,433 to show the need for the gradual replacement of these assets over time while amortization expense totaled \$5,924,645.
- The District's total debt decreased by \$11,317,751 during the year ending September 30, 2023. The change consists of a decrease in bonds payable in the amount of \$10,615,000; lease liability in the amount of \$998,605; bond premium in the amount of \$1,575 which were partly offset by an increase in other post-employment benefits in the amount of \$155,533; compensated absences in the amount of \$141,896.



## 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 13 - 14 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 balance 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 balance 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 15 - 18 of this report.

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

### **Proprietary funds**

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

The RAD Enterprise Fund provides for the operation, maintenance and debt service for bonds used to acquire recreational facilities in the District. 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 21 - 23 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 24 - 25 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 26.

**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 49.

**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, 2023      | September 30, 2022 | September 30, 2023       | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| <b>Assets</b>  |                         |                    |                          |                    |                    |                    |
| Current and other assets                             | \$ 51,540,666           | 44,162,554         | 140,325,490              | 124,332,287        |                    | 168,494,841        |
| Capital assets, (net of accumulated depreciation)    | 28,175,478              | 26,222,292         | 105,243,756              | 106,612,083        |                    | 132,834,375        |
| Intangible assets, (net of accumulated amortization) | -                       | -                  | 99,639,643               | 105,240,576        |                    | 105,240,576        |
| Total assets   | <u>79,716,144</u>       | <u>70,384,846</u>  | <u>345,208,889</u>       | <u>336,184,946</u> | <u>424,925,033</u> | <u>406,569,792</u> |
| <b>Deferred outflows of resources</b>                |                         |                    |                          |                    |                    |                    |
| Deferred amount on OPEB                              | 191,415                 | 225,730            | -                        | -                  | 191,415            | 225,730            |
| Deferred amount on debt refunding                    | -                       | -                  | 2,733,765                | 3,059,053          | 2,733,765          | 3,059,053          |
| Total assets and deferred outflows                   | <u>79,907,559</u>       | <u>70,610,576</u>  | <u>347,942,654</u>       | <u>339,243,999</u> | <u>427,850,213</u> | <u>409,854,575</u> |
| <b>Liabilities</b>                                   |                         |                    |                          |                    |                    |                    |
| Current liabilities                                  | 4,885,947               | 2,940,814          | 9,249,264                | 7,987,867          |                    | 10,928,681         |
| Long-term debt:                                      |                         |                    |                          |                    |                    |                    |
| Due within one year                                  | 1,373,717               | 1,350,078          | 11,065,000               | 10,615,000         | 12,438,717         | 11,965,078         |
| Due in more than one year                            | 6,724,063               | 7,448,878          | 155,845,000              | 166,911,575        | 162,569,063        | 174,360,453        |
| Total liabilities                                    | <u>12,983,727</u>       | <u>11,739,770</u>  | <u>176,159,264</u>       | <u>185,514,442</u> | <u>189,142,991</u> | <u>197,254,212</u> |
| <b>Deferred inflow of resources:</b>                 |                         |                    |                          |                    |                    |                    |
| Deferred amount on OPEB                              | 459,395                 | 508,916            | -                        | -                  | 459,395            | 508,916            |
| Deferred amount on leases                            | 522,686                 | 744,665            | -                        | -                  | 522,686            | 744,665            |
| Total liabilities and deferred inflows               | <u>13,965,808</u>       | <u>12,993,351</u>  | <u>176,159,264</u>       | <u>185,514,442</u> | <u>190,125,072</u> | <u>198,507,793</u> |
| <b>Net position</b>                                  |                         |                    |                          |                    |                    |                    |
| Net investments in capital assets                    | 23,190,045              | 20,187,164         | 40,707,164               | 37,385,137         |                    | 57,572,301         |
| Restricted   | 19,733,266              | 15,586,769         | 15,106,652               | 13,946,820         | 34,839,918         | 29,533,589         |
| Unrestricted   | 23,018,440              | 21,843,292         | 115,969,574              | 102,397,601        | 138,988,014        | 124,240,893        |
| Total net position                                   | <u>\$ 65,941,751</u>    | <u>57,617,225</u>  | <u>171,783,390</u>       | <u>153,729,558</u> | <u>237,725,141</u> | <u>211,346,783</u> |

**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 \$237,725,141. The net position increased \$26,378,358 from a balance of \$211,346,783 as of September 30, 2022.

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

**Net investment in capital assets** A total \$63,897,209 or 26.9% reflects its investment in capital assets less any related outstanding debt to acquire those assets. The District uses these capital assets to provide services to its residents; therefore, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

**Restricted net assets** A total \$34,839,918 of net assets is restricted for certain purposes as outlined below:

**Restricted for debt service** A total of \$12,663,119 of the District's net position or 5.3% 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 \$19,733,266 of the District's net position or 8.3% 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 \$1,742,303 of the District's net position or 0.7% 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 \$701,230 of the District's net position or 0.3% is restricted for system development.

**Unrestricted net position** The remaining portion of \$138,988,014 or 58.5% is unrestricted and available to meet the future needs of the district.

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,      |                    |
|                                       | 2023                    | 2022              | 2023                     | 2022               | 2023               | 2022               |
| <b>Program revenues</b>               |                         |                   |                          |                    |                    |                    |
| Charges for services                  | \$ 75,043,642           | 59,334,125        | 71,531,966               | 67,134,869         | 146,575,608        | 126,468,994        |
| Operating grants and contributions    | 2,610,199               | 1,982,004         | -                        | -                  | 2,610,199          | 1,982,004          |
| Capital grants and contributions      | 122,330                 | 371,652           | -                        | -                  | 122,330            | 371,652            |
| <b>General revenues</b>               |                         |                   |                          |                    |                    |                    |
| Investment earnings (losses)          | 2,386,148               | (964,373)         | 5,977,237                | (3,120,360)        | 8,363,385          | (4,084,733)        |
| Gain (loss) on sale of capital assets | 76,746                  | 76,005            | -                        | 18,351             | 76,746             | 94,356             |
| Sale of surplus                       | 9,424                   | 9,228             | 41,691                   | 25,621             | 51,115             | 34,849             |
| Other revenues                        | 44,511                  | -                 | 12,164                   | -                  | 56,675             | -                  |
| Total revenues                        | <u>80,293,000</u>       | <u>60,808,641</u> | <u>77,563,058</u>        | <u>64,058,481</u>  | <u>157,856,058</u> | <u>124,867,122</u> |
| <b>Expenses</b>                       |                         |                   |                          |                    |                    |                    |
| General government                    | 11,631,959              | 10,169,426        | -                        | -                  | 11,631,959         | 10,169,426         |
| Public safety                         | 34,276,107              | 26,117,758        | -                        | -                  | 34,276,107         | 26,117,758         |
| Physical environment                  | 8,622,249               | 5,698,155         | -                        | -                  | 8,622,249          | 5,698,155          |
| Water sewer utilities                 | -                       | -                 | 9,480,599                | 7,941,345          | 9,480,599          | 7,941,345          |
| Education activities                  | -                       | -                 | 626,588                  | 524,302            | 626,588            | 524,302            |
| Recreation                            | 14,289,152              | 11,668,402        | 29,066,364               | 24,721,225         | 43,355,516         | 36,389,627         |
| Interest on long-term debt            | 215,027                 | 250,660           | 8,079,576                | 8,516,372          | 8,294,603          | 8,767,032          |
| Depreciation expense                  | 2,933,980               | 2,774,654         | 6,331,453                | 6,068,138          | 9,265,433          | 8,842,792          |
| Amortization expense                  | -                       | -                 | 5,924,645                | 5,924,645          | 5,924,645          | 5,924,645          |
| Total expenses                        | <u>71,968,474</u>       | <u>56,679,055</u> | <u>59,509,225</u>        | <u>53,696,027</u>  | <u>131,477,699</u> | <u>110,375,082</u> |
| Changes in net position               | 8,324,526               | 4,129,586         | 18,053,833               | 10,362,454         | 26,378,359         | 14,492,040         |
| Net position, beginning               | 57,617,225              | 53,487,639        | 153,729,558              | 143,367,104        | 211,346,783        | 196,854,743        |
| Net position, ending                  | <u>\$ 65,941,751</u>    | <u>57,617,225</u> | <u>171,783,391</u>       | <u>153,729,558</u> | <u>237,725,142</u> | <u>211,346,783</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.

**Revenues** The District's revenues for the years ended September 30, 2023, and September 30, 2022 were approximately \$157,856,058 and \$124,867,122 respectively. Total revenues increased 26.4% year over year. The District's expenses for the years ended September 30, 2023, and September 30, 2022, were \$131,477,699 and \$110,375,082 respectively. Total expenses increased 19.1% 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 \$146,575,608 in Fiscal Year 2023, an increase of \$20,106,614 compared to the prior year. Charges for services increased 15.9% year over year. Contributing to the increase is the new transport services revenue of \$8 million, 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 (loss) increased by \$12,448,118.

**Expenses** General government expenses increased by \$1,462,533 in fiscal year 2023 compared to fiscal year 2022. Physical environment expenses, including landscaping, irrigation, utilities and maintenance costs, increased by \$2,924,094, as compared to the prior fiscal year. Public safety expense, including



costs related to fire and community watch services increased by \$8,158,349 over prior year. Recreation expense increased by \$6,965,889. Interest expense declined by \$472,429, depreciation expense increased by \$422,641 and amortization expense was on the same level compared to the prior year.

## Government Fund Budgetary Highlights

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

### General Fund

- During fiscal year 2023, the final General Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$465,667 primarily in building, landscape and other maintenance and capital outlay offset by a decrease in personnel services.
- Total revenues were \$1,745,051, or 4.4% over budget for the year primarily due to increase in investment earnings (losses) by \$1,231,514 and increase in other income by \$820,484 offset by a decrease in management and other fees collected by \$306,947.
- Total expenses were \$2,452,117, or 5.7% under budget for the year primarily due to decreases in personnel services, other expenditures and capital outlay.

### Public Safety Special Revenue Fund

- During fiscal year 2023, the final Public Safety Fund revenue budget was unchanged compared to the original budgeted revenues.
- The total expenditure budget increased \$13,948,688 primarily in capital outlay and personnel services. Capital Outlay includes purchases of ambulances.
- Total revenues were \$5,667,571, or 19.1% over budget for the year primarily due to an increase in charges for services of \$3,013,886 and an increase in special assessments of \$1,466,994.
- Total expenses were \$8,970,542, or 22.4% under budget for the year primarily due to capital outlay and other expenditures.

## Capital Assets and Debt Administration

### Capital Assets

The District's investment in capital assets as of September 30, 2023 amounts to \$133,419,234. 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 \$9,550,167 during the year. Depreciation expenses totaled \$9,265,433. The result is an overall increase in capital assets of \$584,859.

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, 2023, the District has outstanding long-term debt, including a liability for compensated absences, lease liability and other post-employment benefits totaling \$175,007,780. Total principal payments were \$10,615,000 during the year. A total \$11,065,000 of bonds payable 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 2024 Fiscal Year

- The unemployment rate in Sumter County where the District is located was 4.8% in September 2023, an increase from 3.9% a year ago. The County’s average unemployment rate was above the State’s average unemployment rate of 3.0% which was below the national average rate of 3.6%.
- Inflationary trends in the area are comparable to national indices. The national Consumer Price Index (CPI) annual change for all urban consumers decreased from 8.2% in September 2022 to 3.7% in September 2023.

**General Fund:** In Fiscal Year 2024, the total revenues are projected to increase by \$26,849,934 compared to the Fiscal Year 2023 final budget. Management Fee Assessments and Management Fees for Services provided to the Developer make up the majority of the revenue increase. The Fiscal Year 2024 expenditure budget projects an increase of \$26,711,464, when compared to the Fiscal Year 2023 final budget. The increase in expenditures results primarily from an increase in personnel services and an increase in capital outlay.

**Public Safety Special Revenue Fund:** In Fiscal Year 2023, the total revenues are projected to increase by \$5,701,329 compared to the Fiscal Year 2023 final budget. An increase in transport revenue makes up the majority of this revenue increase. The Fiscal Year 2024 expenditure budget projects an increase of \$10,169,529, when compared to the Fiscal Year 2023 final budget. The increase in expenditures results primarily from an increase in personnel services, capital outlay and other current charges.

**Recreation Amenities Division Fund:** In Fiscal Year 2024, the total revenues are projected to increase by \$4,495,195 compared to the Fiscal Year 2023 final budget. A 3.3% increase in amenity fees makes up the majority of this revenue increase. The Fiscal Year 2024 General Fund expenditure budget projects an increase of \$29,076,448, when compared to the Fiscal Year 2023 final budget. The increase in expenditures results primarily from an increase in capital outlay.

**Village Center Service Area Fund:** In Fiscal Year 2024, the total revenues are projected to increase by \$482,788 compared to the Fiscal Year 2023 final budget. The increase is primarily due to an increase in the budgeted investment income compared to prior year. The Fiscal Year 2024 General Fund expenditure budget projects a decrease of \$515,392, when compared to the Fiscal Year 2023 final budget. The decrease in expenditures results primarily from a decrease in capital outlay offset by an increase in management and other professional services.

**Little Sumter Service Area Fund:** In Fiscal Year 2024, the total revenues are projected to increase by \$878,379 compared to the Fiscal Year 2023 final budget. The increase is primarily due to an increase in budgeted investment income compared to prior year. The Fiscal Year 2024 expenditure budget projects an decrease of \$193,744, when compared to the Fiscal Year 2023 final budget. The decrease in expenditures results primarily from a decrease in capital outlay and interest income offset by an increase in management and other professional services and other current charges.

## 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](http://www.districtgov.org) for general information and additional financial information about the District.

Statement of Net Position  
September 30, 2023

| Assets   | Governmental<br>activities | Business-type<br>activities | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
| Cash and cash equivalents                            | \$ 39,593,388              | \$ 75,199,722               | \$ 114,793,110        |
| Receivables, net                                     | 2,330,790                  | 6,766,654                   | 9,097,444             |
| Accrued interest receivable                          | -                          | 78,797                      | 78,797                |
| Investments  | 8,898,720                  | 58,161,509                  | 67,060,229            |
| Due from other governments                           | 459,161                    | 28,783                      | 487,944               |
| Internal balances                                    | 2,055                      | (6,544)                     | (4,489)               |
| Inventory  | 102,271                    | 79,626                      | 181,897               |
| Prepaid expenses                                     | 154,281                    | 16,943                      | 171,224               |
| Capital assets:                                      |                            |                             |                       |
| Non depreciable assets                               | 3,340,345                  | 14,419,067                  | 17,759,412            |
| Depreciable assets (net of accumulated depreciation) | 24,835,133                 | 90,824,689                  | 115,659,822           |
| Intangible assets (net of accumulated amortization)  | -                          | 99,639,643                  | 99,639,643            |
| Total assets   | <u>79,716,144</u>          | <u>345,208,889</u>          | <u>424,925,033</u>    |
| <b>Deferred outflows of resources</b>                |                            |                             |                       |
| Deferred amount on OPEB                              | 191,415                    | -                           | 191,415               |
| Deferred amount on debt refunding                    | -                          | 2,733,765                   | 2,733,765             |
| Total assets and deferred outflows                   | <u>79,907,559</u>          | <u>347,942,654</u>          | <u>427,850,213</u>    |
| <b>Liabilities</b>                                   |                            |                             |                       |
| Accounts payable                                     | 1,650,030                  | 2,534,722                   | 4,184,752             |
| Accrued liabilities                                  | 1,894,732                  | 17,953                      | 1,912,685             |
| Accrued interest payable                             | -                          | 3,572,146                   | 3,572,146             |
| Due to other governments                             | 1,334,387                  | 811,226                     | 2,145,613             |
| Unearned revenue                                     | 6,204                      | 2,313,217                   | 2,319,421             |
| Other current liabilities                            | 594                        | -                           | 594                   |
| Total current liabilities                            | <u>4,885,947</u>           | <u>9,249,264</u>            | <u>14,135,211</u>     |
| Long-term debt:                                      |                            |                             |                       |
| Due within one year                                  | 1,373,717                  | 11,065,000                  | 12,438,717            |
| Due in more than one year                            | 6,724,063                  | 155,845,000                 | 162,569,063           |
| Total long-term debt                                 | <u>8,097,780</u>           | <u>166,910,000</u>          | <u>175,007,780</u>    |
| Total liabilities                                    | <u>12,983,727</u>          | <u>176,159,264</u>          | <u>189,142,991</u>    |
| <b>Deferred inflows of resources</b>                 |                            |                             |                       |
| Deferred amount on OPEB                              | 459,395                    | -                           | 459,395               |
| Deferred amount on leases                            | 522,686                    | -                           | 522,686               |
| Total liabilities and deferred inflows               | <u>13,965,808</u>          | <u>176,159,264</u>          | <u>190,125,072</u>    |
| <b>Net position</b>                                  |                            |                             |                       |
| Net investments in capital assets                    | 23,190,045                 | 40,707,164                  | 63,897,209            |
| Restricted for:                                      |                            |                             |                       |
| Debt service   | -                          | 12,663,119                  | 12,663,119            |
| Special revenue purposes                             | 19,733,266                 | -                           | 19,733,266            |
| Renewal and replacement                              | -                          | 1,742,303                   | 1,742,303             |
| System development                                   | -                          | 701,230                     | 701,230               |
| Unrestricted   | 23,018,440                 | 115,969,574                 | 138,988,014           |
| Total net position                                   | <u>\$ 65,941,751</u>       | <u>\$ 171,783,390</u>       | <u>\$ 237,725,141</u> |

See accompanying notes to basic financial statements.



**Statement of Activities**  
**For the Year Ended September 30, 2023**

| Functions/Programs              | Expenses              | Program revenues     |                                    |                                  | Net (expense) revenue and changes in net assets |                          | Total              |
|---------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
|                                 |                       | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities                         | Business-type activities |                    |
| <b>Governmental activities</b>  |                       |                      |                                    |                                  |   |                          |                    |
| General government              | \$ 11,631,959         | 43,391,921           | -                                  | 122,330                          | 31,882,292                                      | -                        | 31,882,292         |
| Public safety                   | 34,276,107            | 31,651,721           | 2,610,199                          | -                                | (14,187)  | -                        | (14,187)           |
| Physical environment            | 8,622,249             | -                    | -                                  | -                                | (8,622,249)                                     | -                        | (8,622,249)        |
| Culture & Recreation            | 14,289,152            | -                    | -                                  | -                                | (14,289,152)                                    | -                        | (14,289,152)       |
| Interest on long-term debt      | 215,027               | -                    | -                                  | -                                | (215,027)                                       | -                        | (215,027)          |
| Depreciation expense            | 2,933,980             | -                    | -                                  | -                                | (2,933,980)                                     | -                        | (2,933,980)        |
| Total governmental activities   | 71,968,474            | 75,043,642           | 2,610,199                          | 122,330                          | 5,807,697                                       | -                        | 5,807,697          |
| <b>Business-type activities</b> |                       |                      |                                    |                                  |   |                          |                    |
| Water sewer utilities           | 9,480,599             | 20,925,276           | -                                  | -                                | -   | 11,444,677               | 11,444,677         |
| Education activities            | 626,588               | 886,370              | -                                  | -                                | -   | 259,782                  | 259,782            |
| Recreation                      | 29,066,364            | 49,720,320           | -                                  | -                                | -   | 20,653,956               | 20,653,956         |
| Interest on long term debt      | 8,079,576             | -                    | -                                  | -                                | -   | (8,079,576)              | (8,079,576)        |
| Depreciation expense            | 6,331,453             | -                    | -                                  | -                                | -   | (6,331,453)              | (6,331,453)        |
| Amortization expense            | 5,924,645             | -                    | -                                  | -                                | -   | (5,924,645)              | (5,924,645)        |
| Total business-type activities  | 59,509,225            | 71,531,966           | -                                  | -                                | -   | 12,022,741               | 12,022,741         |
| Total primary government        | <u>\$ 131,477,699</u> | <u>146,575,608</u>   | <u>2,610,199</u>                   | <u>122,330</u>                   | <u>5,807,697</u>                                | <u>12,022,741</u>        | <u>17,830,438</u>  |
| <b>General revenues</b>         |                       |                      |                                    |                                  |   |                          |                    |
| Investment earnings (losses)    |                       |                      |                                    |                                  | \$ 2,386,148                                    | 5,977,237                | 8,363,385          |
| Gain on sale of capital assets  |                       |                      |                                    |                                  | 76,746  | -                        | 76,746             |
| Sale of surplus                 |                       |                      |                                    |                                  | 9,424   | 41,691                   | 51,115             |
| Other revenues                  |                       |                      |                                    |                                  | 44,511  | 12,164                   | 56,675             |
| Total general revenues          |                       |                      |                                    |                                  | <u>2,516,829</u>                                | <u>6,031,092</u>         | <u>8,547,921</u>   |
| Change in net position          |                       |                      |                                    |                                  | 8,324,526                                       | 18,053,833               | 26,378,359         |
| Net position, beginning         |                       |                      |                                    |                                  | 57,617,225                                      | 153,729,558              | 211,346,783        |
| Net position, ending            |                       |                      |                                    |                                  | <u>\$ 65,941,751</u>                            | <u>171,783,391</u>       | <u>237,725,142</u> |

See accompanying notes to basic financial statements.

**Balance Sheet  
Governmental Funds  
September 30, 2023**

|   | Major Funds          |                             |                       | Total             |
|---|----------------------|-----------------------------|-----------------------|-------------------|
|   | General Fund         | Department of Public Safety | Non-Major Funds Total |                   |
| <b>Assets</b>   |                      |                             |                       |                   |
| Cash and cash equivalents                             | \$ 21,679,306        | 16,018,329                  | 1,895,753             | 39,593,388        |
| Investments   | 3,086,979            | 4,484,455                   | 1,327,286             | 8,898,720         |
| Prepaid expenses                                      | 142,826              | 5,826                       | 5,629                 | 154,281           |
| Due from other funds                                  | 324,255              | -                           | -                     | 324,255           |
| Due from other governments                            | 220,681              | 238,480                     | -                     | 459,161           |
| Receivables, net                                      | 629,581              | 1,686,745                   | 14,464                | 2,330,790         |
| Inventory   | 102,271              | -                           | -                     | 102,271           |
| Total assets  | <u>26,185,899</u>    | <u>22,433,835</u>           | <u>3,243,132</u>      | <u>51,862,866</u> |
| <b>Liabilities</b>                                    |                      |                             |                       |                   |
| Accounts payable                                      | 844,779              | 631,100                     | 174,151               | 1,650,030         |
| Accrued liabilities                                   | 1,127,622            | 746,699                     | 20,411                | 1,894,732         |
| Due to other funds                                    | -                    | 121,063                     | 201,137               | 322,200           |
| Due to other governments                              | 1,334,387            | -                           | -                     | 1,334,387         |
| Other current liabilities                             | 594                  | -                           | -                     | 594               |
| Unearned revenue                                      | 6,204                | -                           | -                     | 6,204             |
| Total liabilities                                     | <u>3,313,586</u>     | <u>1,498,862</u>            | <u>395,699</u>        | <u>5,208,147</u>  |
| <b>Deferred inflows of resources</b>                  |                      |                             |                       |                   |
| Unavailable rental contract revenue                   | 522,686              | -                           | -                     | 522,686           |
| Total liabilities and deferred inflows                | <u>3,836,272</u>     | <u>1,498,862</u>            | <u>395,699</u>        | <u>5,730,833</u>  |
| <b>Fund balances</b>                                  |                      |                             |                       |                   |
| Non-spendable   | 245,097              | 5,826                       | 5,629                 | 256,552           |
| Restricted  |                      |                             |                       |                   |
| Public safety   | -                    | 17,693,085                  | -                     | 17,693,085        |
| Community Standards-deed covenants                    | -                    | -                           | 28,421                | 28,421            |
| Village of Spanish Springs-common area maintenance    | -                    | -                           | 573,624               | 573,624           |
| Rolling Acres-common area maintenance                 | -                    | -                           | 350,749               | 350,749           |
| Commercial road maintenance                           | -                    | -                           | 555,580               | 555,580           |
| Community standards                                   | -                    | -                           | 520,352               | 520,352           |
| Committed   |                      |                             |                       |                   |
| Renewal and replacement                               | -                    | 3,236,062                   | 813,078               | 4,049,140         |
| Unassigned  | 22,104,530           | -                           | -                     | 22,104,530        |
| Total fund balances                                   | <u>22,349,627</u>    | <u>20,934,973</u>           | <u>2,847,433</u>      | <u>46,132,033</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 26,185,899</u> | <u>22,433,835</u>           | <u>3,243,132</u>      | <u>51,862,866</u> |

See accompanying notes to basic financial statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
September 30, 2023**

|  |                     |                      |
|--|---------------------|----------------------|
| Fund balance - governmental funds  |                     | \$ 46,132,033        |
| 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   | \$ 43,849,279       |                      |
| Less accumulated depreciation  | <u>(15,673,801)</u> | 28,175,478           |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund:        |                     |                      |
| Compensated absences   | (1,634,149)         |                      |
| Lease liability  | (5,190,065)         |                      |
| Other Post-Employment Benefits (OPEB)  | <u>(1,273,566)</u>  | (8,097,780)          |
| Deferred Inflow of Resources - Other Post-Employment Benefits (OPEB)   |                     | (459,395)            |
| Deferred Outflow of Resources - Other Post-Employment Benefits (OPEB)  |                     | <u>191,415</u>       |
| Net position of governmental activities  |                     | <u>\$ 65,941,751</u> |

See accompanying notes to basic financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Year Ended September 30, 2023**

|  | Major Funds          |                             |                  | Total             |
|--|----------------------|-----------------------------|------------------|-------------------|
|  | General Fund         | Department of Public Safety | Non-Major Funds  |                   |
| <b>Revenues</b>                                  |                      |                             |                  |                   |
| Charges for services:                            |                      |                             |                  |                   |
| Amenities revenue                                | \$ -                 | \$ 3,639,727                | \$ -             | 3,639,727         |
| Transport services                               | -                    | 8,130,757                   | -                | 8,130,757         |
| Management and other fees collected:             |                      |                             |                  |                   |
| Administration and maintenance fees              | 34,816,223           | -                           | -                | 34,816,223        |
| Fees for services provided to developer          | 4,779,074            | -                           | 228,478          | 5,007,552         |
| Intergovernmental revenue                        | 52,119               | -                           | -                | 52,119            |
| Special assessments:                             |                      |                             |                  |                   |
| Intergovernmental fire assessments               | -                    | 19,802,676                  | -                | 19,802,676        |
| SAFER Grant                                      | -                    | 2,302,585                   | -                | 2,302,585         |
| FEMA Grant                                       | -                    | 207,415                     | -                | 207,415           |
| Assessments, Village of Spanish Springs          | -                    | -                           | 1,538,765        | 1,538,765         |
| Assessments, Rolling Acres                       | -                    | -                           | 107,669          | 107,669           |
| Assessments, Commercial Road Maintenance         | -                    | -                           | 36,605           | 36,605            |
| Assessments, Community Standards                 | -                    | -                           | 1,150,032        | 1,150,032         |
| Investment earnings (losses)                     | 1,231,514            | 955,288                     | 199,346          | 2,386,148         |
| Other income:                                    |                      |                             |                  |                   |
| Revenue from sales of capital assets             | 49,068               | 149,632                     | -                | 198,700           |
| Contributions and donations from private sources | 111,385              | 10,945                      | -                | 122,330           |
| State revenue sharing-firefighters' supplemental | -                    | 48,079                      | -                | 48,079            |
| Rental revenue                                   | -                    | -                           | 17,520           | 17,520            |
| Other revenues                                   | 722,031              | 117,072                     | 1,524            | 840,627           |
| Total revenues                                   | <u>41,761,414</u>    | <u>35,364,176</u>           | <u>3,279,939</u> | <u>80,405,529</u> |
| <b>Expenditures</b>                              |                      |                             |                  |                   |
| Current:   |                      |                             |                  |                   |
| General government                               | 10,021,731           | 44,776                      | 1,356,161        | 11,422,668        |
| Public safety                                    | 7,872,542            | 26,345,532                  | -                | 34,218,074        |
| Physical environment                             | 6,809,432            | -                           | 1,799,964        | 8,609,396         |
| Culture & recreation                             | 14,287,105           | -                           | -                | 14,287,105        |
| Capital outlay                                   | 534,216              | 4,229,401                   | 236,079          | 4,999,696         |
| Debt service:                                    |                      |                             |                  |                   |
| Principal  | 747,751              | 250,854                     | -                | 998,605           |
| Interest   | 80,178               | 134,849                     | -                | 215,027           |
| Total expenditures                               | <u>40,352,955</u>    | <u>31,005,412</u>           | <u>3,392,204</u> | <u>74,750,571</u> |
| Net change in fund balances and transfers        | <u>1,408,459</u>     | <u>4,358,764</u>            | <u>(112,265)</u> | <u>5,654,958</u>  |
| Fund balances, beginning                         | <u>20,941,168</u>    | <u>16,576,209</u>           | <u>2,959,698</u> | <u>40,477,075</u> |
| Fund balances, ending                            | <u>\$ 22,349,627</u> | <u>20,934,973</u>           | <u>2,847,433</u> | <u>46,132,033</u> |

See accompanying notes to basic financial statements.



**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds to the Statement of Activities  
Year Ended September 30, 2023**

|  |                    |                     |
|--|--------------------|---------------------|
| Net change in fund balance - governmental funds  |                    | \$ 5,654,958        |
| Amounts reported for governmental activities in the statement of activities are different because:   |                    |                     |
| 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. |                    |                     |
| Capital outlay   | \$ 4,999,697       |                     |
| Disposals of capital assets  | (112,530)          |                     |
| Depreciation expense   | <u>(2,933,980)</u> |                     |
|  |                    | 1,953,187           |
| Lease expense use current financial resources in governmental funds, but decreases long-term debt in the statement of net position.  |                    |                     |
| Reduction in the long term lease liability   |                    | 998,605             |
| Decrease (increase) in long-term liabilities is shown on the government-wide statements but not on the governmental fund statements.   |                    |                     |
| Compensated absences   | (141,896)          |                     |
| Other Post-Employment Benefits (OPEB)  | <u>(155,534)</u>   |                     |
|  |                    | (297,430)           |
| Decrease in Deferred Inflows OPEB is shown on the government-wide statements   |                    | 49,521              |
| Decrease in Deferred Outflows OPEB is shown on the government-wide statements  |                    | <u>(34,315)</u>     |
| Change in net position of governmental activities  |                    | <u>\$ 8,324,526</u> |

See accompanying notes to basic financial statements.

**Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
General Fund  
Year ended September 30, 2023**

|  | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>YTD Actual</u>    | <u>Variance</u>     |
|--|----------------------------|---------------------------|----------------------|---------------------|
| <b>Revenues</b>                            |                            |                           |                      |                     |
| Management and other fees collected        | \$ 39,954,363              | \$ 39,954,363             | \$ 39,647,416        | \$ (306,947)        |
| Investment earnings (losses)               | -                          | -                         | 1,231,514            | 1,231,514           |
| Other income                               | 62,000                     | 62,000                    | 882,484              | 820,484             |
| Total revenues                             | <u>40,016,363</u>          | <u>40,016,363</u>         | <u>41,761,414</u>    | <u>1,745,051</u>    |
| <b>Expenditures</b>                        |                            |                           |                      |                     |
| Personnel services                         | 34,100,591                 | 32,171,214                | 30,698,914           | (1,472,300)         |
| Management and other professional services | 2,354,398                  | 2,589,047                 | 2,261,206            | (327,841)           |
| Utility services                           | 127,478                    | 142,411                   | 139,135              | (3,276)             |
| Building, landscape and other maintenance  | 186,724                    | 1,531,686                 | 1,519,868            | (11,818)            |
| Capital outlay                             | 253,800                    | 900,031                   | 534,216              | (365,815)           |
| Debt service                               | -                          | -                         | 827,929              | 827,929             |
| Other expenditures                         | 5,316,414                  | 5,470,683                 | 4,371,687            | (1,098,996)         |
| Total expenditures                         | <u>42,339,405</u>          | <u>42,805,072</u>         | <u>40,352,955</u>    | <u>(2,452,117)</u>  |
| Net change in fund balances and transfers  | <u>\$ (2,323,042)</u>      | <u>\$ (2,788,709)</u>     | <u>\$ 1,408,459</u>  | <u>\$ 4,197,168</u> |
| Fund balances, beginning                   | 20,941,168                 | 20,941,168                | 20,941,168           | -                   |
| Fund balances, ending                      | <u>\$ 18,618,126</u>       | <u>\$ 18,152,459</u>      | <u>\$ 22,349,627</u> | <u>\$ 4,197,168</u> |

See accompanying notes to basic financial statements.

**Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Department of Public Safety  
Year ended September 30, 2023**

|  | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>YTD Actual</u>    | <u>Variance</u>      |
|--|----------------------------|---------------------------|----------------------|----------------------|
| <b>Revenues</b>                            |                            |                           |                      |                      |
| Charges for services                       | \$ 8,756,598               | \$ 8,756,598              | \$ 11,770,484        | \$ 3,013,886         |
| Special assessments                        | 20,845,682                 | 20,845,682                | 22,312,676           | 1,466,994            |
| Investment earnings (losses)               | 8,400                      | 8,400                     | 955,288              | 946,888              |
| Other income                               | 85,925                     | 85,925                    | 325,728              | 239,803              |
| Total Revenues                             | <u>29,696,605</u>          | <u>29,696,605</u>         | <u>35,364,176</u>    | <u>5,667,571</u>     |
| <b>Expenditures</b>                        |                            |                           |                      |                      |
| Personnel services                         | 18,346,454                 | 21,445,471                | 20,949,189           | (496,282)            |
| Management and other professional services | 1,720,978                  | 1,803,219                 | 1,679,315            | (123,904)            |
| Utility services                           | 206,914                    | 213,504                   | 207,210              | (6,294)              |
| Building, landscape and other maintenance  | 474,292                    | 573,581                   | 441,913              | (131,668)            |
| Capital outlay                             | 2,104,695                  | 12,121,475                | 4,229,401            | (7,892,074)          |
| Debt service                               | -                          | -                         | 385,703              | 385,703              |
| Other expenditures                         | 3,173,933                  | 3,818,704                 | 3,112,681            | (706,023)            |
| Total Expenditures                         | <u>26,027,266</u>          | <u>39,975,954</u>         | <u>31,005,412</u>    | <u>(8,970,542)</u>   |
| Net change in fund balances and transfers  | <u>\$ 3,669,339</u>        | <u>\$ (10,279,349)</u>    | <u>\$ 4,358,764</u>  | <u>\$ 14,638,113</u> |
| Fund balances, beginning                   | 16,576,209                 | 16,576,209                | 16,576,209           | -                    |
| Fund balances, ending                      | <u>\$ 20,245,548</u>       | <u>\$ 6,296,860</u>       | <u>\$ 20,934,973</u> | <u>\$ 14,638,113</u> |

See accompanying notes to basic financial statements.

**Statement of Net Position  
Proprietary Funds  
September 30, 2023**

| Assets  | Major Funds           |                      |                      | Non-Major Fund   | Total              |
|---|-----------------------|----------------------|----------------------|------------------|--------------------|
|   | RAD                   | VCSA Water and Sewer | LSSA Water and Sewer |                  |                    |
| <b>Current assets:</b>                              |                       |                      |                      |                  |                    |
| Cash and cash equivalents                           | \$ 31,880,736         | 7,622,137            | 15,978,201           | 1,039,850        | 56,520,924         |
| Restricted cash and cash equivalents                | 10,078,565            | 1,960,477            | 4,196,223            | -                | 16,235,265         |
| Receivables, net                                    | 4,215,030             | 961,795              | 1,589,801            | 28               | 6,766,654          |
| Investments   | 36,741,375            | 11,028,110           | 10,378,897           | 13,127           | 58,161,509         |
| Due from other funds                                | 376,939               | -                    | 108,889              | -                | 485,828            |
| Due from other governments                          | 10,436                | -                    | 18,347               | -                | 28,783             |
| Accrued interest receivable                         | 46,719                | 10,493               | 21,585               | -                | 78,797             |
| Prepaid expenses                                    | 16,943                | -                    | -                    | -                | 16,943             |
| Inventory   | -                     | 79,626               | -                    | -                | 79,626             |
| <b>Total current assets</b>                         | <b>83,366,743</b>     | <b>21,662,638</b>    | <b>32,291,943</b>    | <b>1,053,005</b> | <b>138,374,329</b> |
| <b>Non-current assets:</b>                          |                       |                      |                      |                  |                    |
| Restricted cash and cash equivalents                | 1,036,745             | 488,203              | 918,585              | -                | 2,443,533          |
| <b>Capital assets:</b>                              |                       |                      |                      |                  |                    |
| Land  | 9,937,107             | 150,312              | 126,797              | -                | 10,214,216         |
| Buildings   | 69,129,448            | 1,682,789            | 5,413,001            | -                | 76,225,238         |
| Infrastructure                                      | 40,176,570            | 39,117,259           | 40,669,565           | -                | 119,963,394        |
| Furniture, equipment and vehicles                   | 2,424,179             | 1,802,568            | 1,857,546            | -                | 6,084,293          |
| Construction in progress                            | 1,571,372             | 1,768,016            | 865,463              | -                | 4,204,851          |
| Less accumulated depreciation                       | (55,422,712)          | (28,146,777)         | (27,878,747)         | -                | (111,448,236)      |
| Intangible assets (net of accumulated amortization) | 77,966,646            | -                    | 21,672,997           | -                | 99,639,643         |
| <b>Total non-current assets</b>                     | <b>146,819,355</b>    | <b>16,862,370</b>    | <b>43,645,207</b>    | <b>-</b>         | <b>207,326,932</b> |
| <b>Total assets</b>                                 | <b>230,186,098</b>    | <b>38,525,008</b>    | <b>75,937,150</b>    | <b>1,053,005</b> | <b>345,701,261</b> |
| <b>Deferred outflows of resources</b>               |                       |                      |                      |                  |                    |
| Deferred amount on debt refunding                   | 2,391,938             | -                    | 341,827              | -                | 2,733,765          |
| <b>Total assets and deferred outflows</b>           | <b>232,578,036</b>    | <b>38,525,008</b>    | <b>76,278,977</b>    | <b>1,053,005</b> | <b>348,435,026</b> |
| <b>Liabilities</b>                                  |                       |                      |                      |                  |                    |
| <b>Current liabilities:</b>                         |                       |                      |                      |                  |                    |
| Accounts payable                                    | 1,997,036             | 259,308              | 267,036              | 11,342           | 2,534,722          |
| Accrued liabilities                                 | 4,114                 | 9,791                | -                    | 4,048            | 17,953             |
| Accrued interest payable                            | 2,283,781             | 35,796               | 1,252,569            | -                | 3,572,146          |
| Due to other funds                                  | 6,543                 | 275,869              | 209,960              | -                | 492,372            |
| Due to other governments                            | 159,671               | 589,441              | 62,114               | -                | 811,226            |
| Unearned revenue                                    | 1,871,331             | -                    | -                    | 400,157          | 2,271,488          |
| Unearned revenue - meter deposits                   | -                     | 16,711               | 25,018               | -                | 41,729             |
| Current installments of revenue bonds payable       | 6,555,000             | 1,810,000            | 2,700,000            | -                | 11,065,000         |
| <b>Total current liabilities</b>                    | <b>12,877,476</b>     | <b>2,996,916</b>     | <b>4,516,697</b>     | <b>415,547</b>   | <b>20,806,636</b>  |
| <b>Non-current liabilities:</b>                     |                       |                      |                      |                  |                    |
| Revenue bonds payable, net                          | 106,815,000           | -                    | 49,030,000           | -                | 155,845,000        |
| <b>Total non-current liabilities</b>                | <b>106,815,000</b>    | <b>-</b>             | <b>49,030,000</b>    | <b>-</b>         | <b>155,845,000</b> |
| <b>Total liabilities</b>                            | <b>119,692,476</b>    | <b>2,996,916</b>     | <b>53,546,697</b>    | <b>415,547</b>   | <b>176,651,636</b> |
| <b>Net position</b>                                 |                       |                      |                      |                  |                    |
| Net investment in capital assets                    | 34,804,548            | 14,564,167           | (8,661,551)          | -                | 40,707,164         |
| <b>Restricted for:</b>                              |                       |                      |                      |                  |                    |
| Debt service  | 7,794,784             | 1,924,681            | 2,943,654            | -                | 12,663,119         |
| Renewal and replacement                             | 1,036,745             | 311,197              | 394,361              | -                | 1,742,303          |
| System development                                  | -                     | 177,006              | 524,224              | -                | 701,230            |
| Unrestricted  | 69,249,483            | 18,551,040           | 27,531,592           | 637,458          | 115,969,573        |
| <b>Total net position</b>                           | <b>\$ 112,885,560</b> | <b>35,528,091</b>    | <b>22,732,280</b>    | <b>637,458</b>   | <b>171,783,389</b> |

See accompanying notes to basic financial statements.



**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2023**

|  | Major Funds           |                         |                         | Non-Major<br>Fund | Total              |
|--|-----------------------|-------------------------|-------------------------|-------------------|--------------------|
|  | RAD                   | VCSA Water<br>and Sewer | LSSA Water<br>and Sewer |                   |                    |
| <b>Operating revenues</b>                            |                       |                         |                         |                   |                    |
| Charges for services:                                |                       |                         |                         |                   |                    |
| Amenity fees   | \$ 47,334,865         | -                       | -                       | -                 | 47,334,865         |
| Water revenue  | -                     | 3,676,944               | 6,677,183               | -                 | 10,354,127         |
| Sewer revenue  | -                     | 4,393,295               | 6,176,313               | -                 | 10,569,608         |
| Recreational fees                                    | 1,492,419             | -                       | -                       | 886,264           | 2,378,683          |
| Other revenues                                       | 905,198               | 866                     | 675                     | 107               | 906,846            |
| Total operating revenues                             | <u>49,732,482</u>     | <u>8,071,105</u>        | <u>12,854,171</u>       | <u>886,371</u>    | <u>71,544,129</u>  |
| <b>Operating expenses</b>                            |                       |                         |                         |                   |                    |
| Administrative services                              | 4,660,534             | 8,456                   | 103,356                 | 35                | 4,772,381          |
| Community Watch Services                             | 2,447,647             | -                       | -                       | -                 | 2,447,647          |
| Maintenance and Operations                           | 11,998,597            | 4,679,745               | 4,689,042               | -                 | 21,367,384         |
| Recreational and Educational Facility<br>Maintenance | 9,959,586             | -                       | -                       | 626,553           | 10,586,139         |
| Depreciation expense                                 | 3,367,175             | 1,384,949               | 1,579,329               | -                 | 6,331,453          |
| Amortization expense                                 | 4,816,474             | (1,575)                 | 1,109,746               | -                 | 5,924,645          |
| Total operating expenses                             | <u>37,250,013</u>     | <u>6,071,575</u>        | <u>7,481,473</u>        | <u>626,588</u>    | <u>51,429,649</u>  |
| Operating income                                     | <u>12,482,469</u>     | <u>1,999,530</u>        | <u>5,372,698</u>        | <u>259,783</u>    | <u>20,114,480</u>  |
| <b>Non-operating revenue (expenses)</b>              |                       |                         |                         |                   |                    |
| Investment earnings (losses)                         | 3,456,532             | 990,832                 | 1,488,531               | 41,342            | 5,977,237          |
| Interest expense                                     | (5,502,824)           | (71,604)                | (2,505,148)             | -                 | (8,079,576)        |
| Sale of surplus                                      | 132                   | 4,161                   | 37,398                  | -                 | 41,691             |
| Total non-operating revenue<br>(expenses)            | <u>(2,046,160)</u>    | <u>923,389</u>          | <u>(979,219)</u>        | <u>41,342</u>     | <u>(2,060,648)</u> |
| Change in net position                               | 10,436,309            | 2,922,919               | 4,393,479               | 301,125           | 18,053,832         |
| Total net position, beginning                        | 102,449,251           | 32,605,172              | 18,338,801              | 336,333           | 153,729,557        |
| Total net position, ending                           | <u>\$ 112,885,560</u> | <u>35,528,091</u>       | <u>22,732,280</u>       | <u>637,458</u>    | <u>171,783,389</u> |

See accompanying notes to basic financial statements.

**Statement of Cash Flows  
Proprietary Funds  
Year ended September 30, 2023**

|   | Major Funds          |                         |                         | Non-Major<br>Funds | Total               |
|---|----------------------|-------------------------|-------------------------|--------------------|---------------------|
|   | RAD                  | VCSA Water<br>and Sewer | LSSA Water<br>and Sewer |                    |                     |
| Cash flows from operating activities:   |                      |                         |                         |                    |                     |
| Receipts from customers   | \$ 49,201,874        | 8,028,710               | 12,660,403              | 973,108            | 70,864,095          |
| Payments to suppliers and others  | (27,969,309)         | (4,566,435)             | (4,632,827)             | (620,835)          | (37,789,406)        |
| Net cash provided by operating activities   | <u>21,232,565</u>    | <u>3,462,275</u>        | <u>8,027,576</u>        | <u>352,273</u>     | <u>33,074,689</u>   |
| Cash flows from capital and related financing activities:   |                      |                         |                         |                    |                     |
| Principal payments on capital debt  | (6,280,000)          | (1,738,425)             | (2,595,000)             | -                  | (10,613,425)        |
| Proceeds from sale of surplus   | 132                  | 4,161                   | 37,398                  | -                  | 41,691              |
| Interest paid on capital debt   | (5,611,573)          | (107,596)               | (2,559,074)             | -                  | (8,278,243)         |
| Acquisition of capital assets   | (2,160,970)          | (1,739,167)             | (1,062,989)             | -                  | (4,963,126)         |
| Net cash used in capital and related financing activities   | <u>(14,052,411)</u>  | <u>(3,581,027)</u>      | <u>(6,179,665)</u>      | <u>-</u>           | <u>(23,813,103)</u> |
| Cash flows from investing activities:   |                      |                         |                         |                    |                     |
| Purchases of investments  | (3,932,651)          | (1,185,235)             | (1,093,824)             | (274)              | (6,211,984)         |
| Interest on investments   | 2,383,546            | 675,585                 | 1,125,998               | 40,340             | 4,225,469           |
| Net cash provided by (used in) investing activities   | <u>(1,549,105)</u>   | <u>(509,650)</u>        | <u>32,174</u>           | <u>40,066</u>      | <u>(1,986,515)</u>  |
| Net increase (decrease) in cash and cash equivalents  | <u>5,631,049</u>     | <u>(628,402)</u>        | <u>1,880,085</u>        | <u>392,339</u>     | <u>7,275,071</u>    |
| Cash and cash equivalents, beginning 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>   |
| Cash and cash equivalents, end of year  | <u>42,996,046</u>    | <u>10,070,817</u>       | <u>21,093,009</u>       | <u>1,039,850</u>   | <u>75,199,722</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  | 31,880,736           | 7,622,137               | 15,978,201              | 1,039,850          | 56,520,924          |
| Restricted cash and cash equivalents - current  | 10,078,565           | 1,960,477               | 4,196,223               | -                  | 16,235,265          |
| Restricted cash and cash equivalents - non-current  | 1,036,745            | 488,203                 | 918,585                 | -                  | 2,443,533           |
| Cash and cash equivalents   | <u>42,996,046</u>    | <u>10,070,817</u>       | <u>21,093,009</u>       | <u>1,039,850</u>   | <u>75,199,722</u>   |
| Reconciliation of operating income (loss) to net cash provided by operating activities:                   |                      |                         |                         |                    |                     |
| Operating income (loss)   | 12,482,469           | 1,999,530               | 5,372,698               | 259,783            | 20,114,480          |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities:            |                      |                         |                         |                    |                     |
| Depreciation expense  | 3,367,175            | 1,384,949               | 1,579,329               | -                  | 6,331,453           |
| Amortization expense  | 4,816,474            | (1,575)                 | 1,109,746               | -                  | 5,924,645           |
| Change in assets and liabilities:   |                      |                         |                         |                    |                     |
| (Increase) Decrease in:   |                      |                         |                         |                    |                     |
| Receivables, net  | (470,661)            | (84,900)                | (183,053)               | (2)                | (738,616)           |
| Due from other funds  | (65,814)             | -                       | (25,682)                | -                  | (91,496)            |
| Due from other governments  | 650                  | 40,996                  | 10,035                  | -                  | 51,681              |
| Prepaid expenses  | 8,898                | -                       | -                       | -                  | 8,898               |
| Inventory   | -                    | (79,626)                | -                       | -                  | (79,626)            |
| Increase (Decrease) in:   |                      |                         |                         |                    |                     |
| Accounts payable and accrued liabilities  | 1,028,194            | 124,215                 | 83,923                  | 5,753              | 1,242,085           |
| Unearned revenue  | 5,216                | -                       | -                       | 86,739             | 91,955              |
| Unearned revenue - meter deposits   | -                    | 1,509                   | 4,932                   | -                  | 6,441               |
| Due to other funds  | 5,621                | 49,097                  | 40,063                  | -                  | 94,781              |
| Due to other governments  | 54,343               | 28,079                  | 35,585                  | -                  | 118,007             |
| Net cash provided by operating activities   | <u>\$ 21,232,565</u> | <u>3,462,274</u>        | <u>8,027,576</u>        | <u>352,273</u>     | <u>33,074,688</u>   |

See accompanying notes to basic financial statements.

**Statement of Fiduciary Net Position  
Fiduciary Fund  
September 30, 2023**

|                           | <b>Beyond the Stars<br/>Custodial Fund</b> |
|---------------------------|--|
| <b>Assets</b>             |  |
| Cash and cash equivalents | \$ 119,454                                 |
| Total assets              | <u>119,454</u>                             |
| <b>Liabilities</b>        |  |
| <b>Net Position</b>       |  |
| Individuals               | 119,454                                    |
| Total Net Position        | <u>\$ 119,454</u>                          |

See accompanying notes to basic financial statements.

**Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended September 30, 2023**

|                                    | <b>Beyond the Stars<br/>Custodial Fund</b> |
|------------------------------------|--|
| <b>Additions</b>                   |  |
| Contributions:                     |  |
| Individuals                        | 19,314                                     |
| Investment earnings                | 4,979                                      |
| Total Additions                    | \$ 24,293                                  |
| <b>Deductions</b>                  |  |
| Beneficiary payment to individuals | 8,680                                      |
| Total Deductions                   | \$ 8,680                                   |
| Change in net positions            | 15,613                                     |
| Beginning net position             | 103,841                                    |
| Ending Net Position                | \$ 119,454                                 |

See accompanying notes to basic financial statements.

## Notes to Financial Statements

### 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, 2023, 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 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 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 eighteen 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 which residents pay monthly. This District also provides for the maintenance of common areas and roadways for the commercial areas within the District boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments. Lastly, the District 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.
- 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.
- 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 are being used as lifestyle preview homes by the Developer.
- 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 and of which 101 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 3,234 residential units in Phase I and construction is currently underway.
- 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 and construction is currently underway.

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

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

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

- North Sumter County Utility Dependent District (NSCUDD) – NSCUDD is a dependent district of Sumter County. This dependent district provides water, wastewater and non-potable irrigation water to Village properties between C.R. 466 and 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 non-potable irrigation water service to Village properties located south of State Road 44.

### **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 a new District was 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 994 residential units. As of September 30, 2023, 175 homes have been sold.

### **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.

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

The government-wide, proprietary and fiduciary fund 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 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.

The custodial funds, Beyond the Stars, has monies held for the welfare of other employees.

### **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.

### **Proprietary Funds operating and non-Operating revenues and expenses**

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenue and expenses generally result from providing services producing and delivering goods in connection with proprietary ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses

### **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 Statement No.79, 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 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.

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 \$1,634,149 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 firefighters. During fiscal year 2023, 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 2023, there were 274 regular full-time employee participants and 160 professional fire-fighters. Employer contributions to the plan for the fiscal year 2023 totaled \$974,958 for the regular full-time employees and \$2,411,117 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 2023 totaled \$221,169 for the regular full-time employees and \$289,180 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. 96 Subscription-Based Information Technology Arrangements

The Governmental Accounting Standard Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (“SBITAs”) for implementation in financial reports for fiscal years beginning after June 15, 2022. The objective of this Statement is to increase the usefulness of governments’ financial statements with regards to the accounting of subscription based information technology arrangement. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The Statement requires recognition of a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District has reviewed its information technology arrangements in place as of September 30, 2023 against the stipulations in GASB No. 96 and found that none of the current agreements met the definition of a SBITA per GASB No. 96. The District will continue to review new IT agreements and if applicable, record the asset and liability in accordance with this new pronouncement.

## 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 thousand 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, 2023, the District’s Cash and Cash Equivalents consisted of:

| Cash and Cash Equivalents                                 | Fair Value            | Weighted<br>Average Maturity<br>(Days) | Credit Rating |
|---|-----------------------|--|---------------|
| Citizens First Bank demand deposits                       | 5,681,365             | 1.0                                    | n/a           |
| FI Cooperative Liquid Assets Securities System, FLCLASS   | 55,465,284            | 42.0                                   | AAAm          |
| FI Public Assets for Liquidity Management (FL PALM)       | 25,325,508            | 43.0                                   | AAAm          |
| FI Public Assets for Liquidity Management (FL PALM TERM)  | 9,642,155             | 90.0                                   | AAAm          |
| US Bank - State Board of Administration, Florida Prime TM | 18,678,798            | 35.0                                   | AAAm          |
| <b>Total Fair Value</b>                                   | <b>\$ 114,793,110</b> |  |               |
| Portfolio Weighted Average Maturity (WAM)                 |                       | 43.1                                   |               |

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

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

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

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

As of September 30, 2023, the District's Investments consisted of:

| Investments                                 | Fair Value                  | Weighted<br>Average<br>Maturity (Years) | Credit Rating |
|---|-----------------------------|---|---------------|
| Florida Fixed Income Trust, FLFIT           | \$ 22,520,463               | 0.7                                     | AAAf/S1       |
| Florida Local Government Investment Trust   | 23,723,343                  | 1.8                                     | AAAf/S1       |
| PFM Multi-Manager Domestic Equity Fund      | 8,432,231                   | n/a                                     | n/a           |
| PFM Multi-Manager International Equity Fund | 4,232,329                   | n/a                                     | n/a           |
| PFM Multi-Manager Fixed Income Fund         | 8,092,383                   | 8.02                                    | A             |
| First American Government Money Market Fund | 59,480                      | n/a                                     | n/a           |
| <b>Total Investments</b>                    | <b><u>\$ 67,060,229</u></b> |   |               |
| Portfolio Weighted Average Maturity (WAM)   |                             | 1.8                                     |               |

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. With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days." With regard to liquidity fees, Florida Statute Section 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.
- 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. FLPALM has daily liquidity with unlimited investments and redemptions. The fund has investments in Negotiable Certificates of Deposit, Commercial Paper, Repurchase Agreements, Bank Deposits, Bank Notes, Corporate Notes, Money Market Funds, Federal Agency Bonds/Notes, and US Treasury Notes. The investment advisor, on behalf of the fund, determines the net asset value of the shares at the close of each business day and monitors the difference between the amortized cost and fair market value. The Trustees of the fund can suspend the right of withdrawal or postpone

the date of payment if the Trustees determine that there is an emergency the makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

- Florida Public Assets for Liquid Management Term Portfolio (FLPALM Term) 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 does not meet the requirements of GASB Statement No. 79 and is valued at variable Net Asset Value (NAV), which approximates fair value.
- The Florida Local Government Investment Trust (the Trust) is administered by a Board of Trustees appointed by the Florida Association of Court Clerks and County Comptroller, and the Florida Association of Counties, Inc. The Trust was created to provide a means for public entities to pool surplus funds to maximize net earnings certificates of deposit. The District's investment in the Trust Short-Term Bond Fund does not meet the requirements of GASB Statement No. 79 and is valued at variable Net Asset Value (NAV), which approximates fair value.
- The Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool designed to provide a safe and competitive investment alternative for Florida governmental entities. FLCLASS does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.
- Florida Fixed Income Trust Enhanced Cash Pool is a Series Trust designed to provide liquid solutions to local governments of Florida. The funds objective is to provide liquidity and preservation of capital while providing current income consistent with low volatility of net asset value. The fund does not meet the requirements of GASB Statement No. 79 and is measured at variable NAV, which approximates fair value.

**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, 2023, the District’s investments carried the following Fair Value Hierarchy:

| Investment by fair value level:             | Total                | Level 1     | Level 2              | Level 3     |
|---|----------------------|-------------|----------------------|-------------|
| PFM Multi-Manager Domestic Equity Fund      | \$ 8,432,231         | \$ -        | \$ 8,432,231         | \$ -        |
| PFM Multi-Manager International Equity Fund | 4,232,329            | -           | 4,232,329            | -           |
| PFM Multi-Manager Fixed Income Fund         | 8,092,383            | -           | 8,092,383            | -           |
| <b>Totals</b>                               | <b>\$ 20,756,943</b> | <b>\$ -</b> | <b>\$ 20,756,943</b> | <b>\$ -</b> |

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, 2023, 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 \$2,330,790 and \$6,766,654 as of September 30, 2023 respectively. Business-type receivables include outstanding amounts owed from residents for utility services and amenity fees. Governmental receivables include primarily miscellaneous accounts receivable.

The accounts receivable is shown net of the allowance for doubtful accounts totaling \$2,123,751 as of September 30, 2023.

**Due from other Governments** As of September 30, 2023, a total \$487,944 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-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, if any, at September 30, 2023 is expected to be repaid shortly after year-end from available current assets and next year funding.

## Payables

**Accounts Payable** As of September 30, 2023, a total \$4,184,752 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, 2023, a total \$2,145,613 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, 2023 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, if any, at September 30, 2023 is expected to be repaid shortly after year-end from available current assets and next year funding.

## Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

|  | Beginning<br>balance | Increases   | Decreases    | Ending balance |
|--|----------------------|-------------|--------------|----------------|
| Governmental activities:                                   |                      |             |              |                |
| Assets not being depreciated:                              |                      |             |              |                |
| Land   | \$ 2,297,000         | -           | -            | 2,297,000      |
| Construction in progress                                   | 1,888,887            | 1,648,034   | (2,493,576)  | 1,043,345      |
| Total assets not being depreciated                         | 4,185,887            | 1,648,034   | (2,493,576)  | 3,340,345      |
| Assets being depreciated:                                  |                      |             |              |                |
| Building   | 7,193,316            | 752,195     | -            | 7,945,511      |
| RTU - Building Lease                                       | 7,084,823            | -           | -            | 7,084,823      |
| Furniture & fixtures                                       | 17,937,602           | 4,563,168   | (377,074)    | 22,123,696     |
| Infrastructure   | 2,297,906            | 369,582     | -            | 2,667,488      |
| Leasehold improvements                                     | 527,123              | 160,293     | -            | 687,416        |
| Total assets being depreciated                             | 35,040,770           | 5,845,238   | (377,074)    | 40,508,934     |
| Total assets   | 39,226,657           | 7,493,272   | (2,870,650)  | 43,849,279     |
| Less accumulated depreciation and amortization for:        |                      |             |              |                |
| Building   | (1,562,652)          | (279,884)   | -            | (1,842,536)    |
| RTU - Building Lease                                       | (1,049,695)          | (1,049,695) | -            | (2,099,390)    |
| Furniture & fixtures                                       | (9,678,946)          | (1,435,462) | 264,544      | (10,849,864)   |
| Infrastructure   | (459,256)            | (144,427)   | -            | (603,683)      |
| Leasehold improvements                                     | (253,816)            | (24,512)    | -            | (278,328)      |
| Total accumulated depreciation                             | (13,004,365)         | (2,933,980) | 264,544      | (15,673,801)   |
| Governmental activities capital assets, net                | 26,222,292           | 4,559,292   | (2,606,106)  | 28,175,478     |
|  |                      |             |              |                |
|  | Beginning<br>balance | Increases   | Decreases    | Ending balance |
| Business activities:                                       |                      |             |              |                |
| Assets not being depreciated:                              |                      |             |              |                |
| Land   | 10,214,216           | -           | -            | 10,214,216     |
| Construction in progress                                   | 11,451,834           | 3,284,295   | (10,531,278) | 4,204,851      |
| Total assets not being depreciated                         | 21,666,050           | 3,284,295   | (10,531,278) | 14,419,067     |
| Assets being depreciated:                                  |                      |             |              |                |
| Buildings and structures                                   | 70,237,530           | 5,987,708   | -            | 76,225,238     |
| Infrastructure   | 114,890,482          | 5,072,912   | -            | 119,963,394    |
| Furniture & fixtures                                       | 4,970,385            | 1,149,489   | (35,581)     | 6,084,293      |
| Total assets being depreciated                             | 190,098,397          | 12,210,109  | (35,581)     | 202,272,925    |
| Total assets   | 211,764,447          | 15,494,404  | (10,566,859) | 216,691,992    |
| Less accumulated depreciation for:                         |                      |             |              |                |
| Buildings and structures                                   | (35,281,254)         | (2,041,534) | -            | (37,322,788)   |
| Infrastructure   | (67,355,784)         | (3,962,811) | -            | (71,318,595)   |
| Furniture & fixtures                                       | (2,515,326)          | (327,108)   | 35,581       | (2,806,853)    |
| Total accumulated depreciation                             | (105,152,364)        | (6,331,453) | 35,581       | (111,448,236)  |
| Business activities capital assets, net                    | 106,612,083          | 9,162,951   | (10,531,278) | 105,243,756    |
| Total capital assets governmental and business activities: | \$ 132,834,375       | 13,722,243  | (13,137,384) | 133,419,234    |

**Note 5 – Intangible Assets**

Intangible Asset activity for the year ending September 30, 2023 was as follows:

|                                       | Beginning<br>Balance  | Increases          | Decreases | Ending Balance    |
|---------------------------------------|-----------------------|--------------------|-----------|-------------------|
| Business-type activities:             |                       |                    |           |                   |
| RAD:                                  |                       |                    |           |                   |
| Discounted value of amenity fees      | \$ 178,818,649        | -                  | -         | 178,818,649       |
| Less accumulated amortization         | (96,334,521)          | (4,517,482)        | -         | (100,852,003)     |
| Intangible assets, net                | <u>82,484,128</u>     | <u>(4,517,482)</u> | -         | <u>77,966,646</u> |
| LSSA:                                 |                       |                    |           |                   |
| Discounted value of utilities charges | 43,338,051            | -                  | -         | 43,338,051        |
| Less accumulated amortization         | (20,581,603)          | (1,083,451)        | -         | (21,665,054)      |
| Intangible assets, net                | <u>22,756,448</u>     | <u>(1,083,451)</u> | -         | <u>21,672,997</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         | (116,916,124)         | (5,600,933)        | -         | (122,517,057)     |
| Intangible assets, net                | <u>\$ 105,240,576</u> | <u>(5,600,933)</u> | -         | <u>99,639,643</u> |

**Note 6 - Long - Term Debt**

Long-term debt consists of the following Special Assessment Revenue bonds as of September 30, 2023:

**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%. \$ 113,370,000

**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%. 1,810,000

**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%. 51,730,000

|   |                       |
|---|-----------------------|
| Total revenue bonds payable                       | \$ 166,910,000        |
| Total bond liability                              | 166,910,000           |
| Less current installment of revenue bonds payable | (11,065,000)          |
| Revenue bonds payable less current installments   | <u>\$ 155,845,000</u> |

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

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

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

The annual requirements to amortize the principal and interest of all revenue bonds payable as of September 30, 2023, are as follows:

| <u>Fiscal year ending September 30:</u> | <u>Principal</u>      | <u>Interest</u>   | <u>Total</u>       |
|---|-----------------------|-------------------|--------------------|
| 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                                    | 10,850,000            | 6,159,710         | 17,009,710         |
| 2029-2033                               | 62,795,000            | 22,182,050        | 84,977,050         |
| 2034-2037                               | 56,090,000            | 6,228,129         | 62,318,129         |
| Total                                   | <u>\$ 166,910,000</u> | <u>63,331,202</u> | <u>230,241,202</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                                      | \$ 6,188,670                 | -                        | (998,605)                     | 5,190,065                 | 948,616                    |
| Compensated absences                                 | 1,492,253                    | 141,896                  |                               | 1,634,149                 | 187,643                    |
| Other post-employment benefits                       | 1,118,033                    | 155,533                  | -                             | 1,273,566                 | 237,458                    |
| Governmental activities long-term debt               | <u>8,798,956</u>             | <u>297,429</u>           | <u>(998,605)</u>              | <u>8,097,780</u>          | <u>1,373,717</u>           |
| Business-type activities:                            |                              |                          |                               |                           |                            |
| Bonds payable  |                              |                          |                               |                           |                            |
| RAD  | 119,650,000                  | -                        | (6,280,000)                   | 113,370,000               | 6,555,000                  |
| VCSA Water and Sewer                                 | 3,550,000                    | -                        | (1,740,000)                   | 1,810,000                 | 1,810,000                  |
| LSSA Water and Sewer                                 | 54,325,000                   | -                        | (2,595,000)                   | 51,730,000                | 2,700,000                  |
| Plus bond premium                                    | 1,575                        | -                        | (1,575)                       | -                         | -                          |
| Total business-type activities long-term liabilities | <u>177,526,575</u>           | <u>-</u>                 | <u>(10,616,575)</u>           | <u>166,910,000</u>        | <u>11,065,000</u>          |
| <b>Total Long Term Liabilities</b>                   | <b><u>\$ 186,325,531</u></b> | <b><u>\$ 297,429</u></b> | <b><u>\$ (11,615,180)</u></b> | <b><u>175,007,780</u></b> | <b><u>12,438,717</u></b>   |

### 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, 2023, 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 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, 2023.

| Pledged Revenue   | Pledged Revenue | Principal and Interest Paid | Estimated Percent Pledged | Outstanding Principal and Interest | Pledged Through |
|---|-----------------|-----------------------------|---------------------------|------------------------------------|-----------------|
| <b>Business type funds</b>  |                 |                             |                           |                                    |                 |
| Amenities Fee Revenue and Other Income of RAD Fund <sup>(1)</sup> | \$ 53,189,014   | \$ 11,782,824               | 22.67%                    | 156,768,745                        | 2036            |
| Water and Sewer Revenue, VCSA Fund <sup>(2)</sup>                 | 4,366,865       | 1,811,604                   | 3.25%                     | 1,845,802                          | 2023            |
| Water and Sewer Revenue, LSSA Fund <sup>(2)</sup>                 | 9,532,407       | 5,100,148                   | 57.80%                    | 71,626,655                         | 2036            |

(1) Gross Revenue

(2) Net Revenue

**Note 7 – Related Parties**

The District entered into interlocal agreements to provide SLCCDD, NSCUDD, WUDD, Brownwood, Middleton-A, 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, District No. 10, District No. 11, District No. 12, District No. 13, and District No. 14 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, District No. 10, District No. 11, and District No. 12 and recreation, property management and community watch services to SLCCDD.

The total expense per District is outlined below:

|               | Management Fees      | Deed Compliance   | Recreation Fees      | Property Management | Customer Service    | Safety Fees         | Community Watch     | Totals               |
|---------------|----------------------|-------------------|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| SLCCDD        | \$ 2,001,349         | \$ -              | \$ 7,909,317         | \$ 1,735,686        | \$ 1,138,512        | \$ 2,552,660        | \$ 4,219,750        | \$ 19,557,274        |
| VCCDD         | 4,135,915            | 66,015            | 4,047,013            | 1,235,194           | 668,650             | 1,087,067           | 2,447,647           | 13,687,501           |
| NSCUDD        | 1,691,664            | -                 | -                    | -                   | -                   | -                   | -                   | 1,691,664            |
| WUDD          | 166,616              | -                 | -                    | -                   | -                   | -                   | -                   | 166,616              |
| Brownwood     | 207,448              | -                 | -                    | -                   | -                   | -                   | -                   | 207,448              |
| Middleton-A   | 69,930               | -                 | -                    | -                   | -                   | -                   | -                   | 69,930               |
| District #1   | 172,593              | 39,425            | -                    | -                   | -                   | -                   | -                   | 212,018              |
| District #2   | 184,300              | 41,893            | -                    | -                   | -                   | -                   | -                   | 226,193              |
| District #3   | 200,031              | 38,884            | -                    | -                   | -                   | -                   | -                   | 238,915              |
| District #4   | 273,084              | 73,951            | -                    | -                   | -                   | -                   | -                   | 347,035              |
| District #5   | 264,970              | 61,885            | -                    | -                   | -                   | -                   | -                   | 326,855              |
| District #6   | 276,436              | 95,062            | -                    | -                   | -                   | -                   | -                   | 371,498              |
| District #7   | 219,665              | 43,866            | -                    | -                   | -                   | -                   | -                   | 263,531              |
| District #8   | 240,028              | 64,458            | -                    | -                   | -                   | -                   | -                   | 304,486              |
| District #9   | 244,628              | 49,496            | -                    | -                   | -                   | -                   | -                   | 294,124              |
| District #10  | 274,466              | 100,883           | -                    | -                   | -                   | -                   | -                   | 375,349              |
| District #11  | 158,652              | 24,185            | -                    | -                   | -                   | -                   | -                   | 182,837              |
| District #12  | 255,072              | 220,650           | -                    | -                   | -                   | -                   | -                   | 475,722              |
| District #13  | 255,849              | -                 | -                    | -                   | -                   | -                   | -                   | 255,849              |
| District #14  | 121,758              | -                 | -                    | -                   | -                   | -                   | -                   | 121,758              |
| <b>Totals</b> | <b>\$ 11,414,454</b> | <b>\$ 920,653</b> | <b>\$ 11,956,330</b> | <b>\$ 2,970,880</b> | <b>\$ 1,807,162</b> | <b>\$ 3,639,727</b> | <b>\$ 6,667,397</b> | <b>\$ 39,376,603</b> |



The District has purchased from the Developer classified advertising, building rents, management services, and repair services for \$2,398,594. In addition, the District purchased IT-related services from the Developer totaling \$2,009,053, 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 \$1,705,535. 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 \$29,955 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 \$4,779,074.

The District is governed by a five-member Board of Supervisors. As of September 30, 2023, all five members of the Board of Supervisors are employees of, or affiliated with, the Developer.

## 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 | Lease Liability as of September 30, 2023 |
|---|-----------|---------------|------------------------|---------------|-----------------------|--|
| 984 Old Mill Run                        | 8/1/2014  | 10 Years      | \$ 34,708              | 3.75%         | \$ 1,090,927          | \$ 341,190                               |
| 1026 Canal Street                       | 8/1/2021  | 5 Years       | 10,527                 | 3.75%         | 549,438               | 339,045                                  |
| 1071 Canal Street                       | 8/1/2014  | 10 Years      | 10,527                 | 3.75%         | 291,256               | 91,091                                   |
| 4890 Morse Boulevard                    | 1/23/2020 | 10 Years      | 10,965                 | 3.75%         | 937,652               | 740,723                                  |
| Fire Station 40                         | 6/30/2019 | 40 Years      | 1,796                  | 3.75%         | 434,639               | 424,078                                  |
| Fire Station 51                         | 1/11/2022 | 31 Years      | 5,344                  | 3.75%         | 1,293,111             | 1,261,689                                |
| Fire Station 47                         | 6/13/2019 | 25 Years      | 24,216                 | 3.75%         | 1,935,377             | 1,500,949                                |
| Cell Tower - Safety Communi-<br>cations | 5/20/2010 | 25 Years      | 4,314                  | 3.75%         | 552,423               | 491,300                                  |
|   |           |               | <u>\$ 102,397</u>      |               | <u>\$ 7,084,823</u>   | <u>\$ 5,190,065</u>                      |

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

| Fiscal year ending September 30: | Principal           | Interest            | Total Payments      |
|----------------------------------|---------------------|---------------------|---------------------|
| 2024                             | \$ 948,616          | \$ 177,067          | \$ 1,125,683        |
| 2025                             | 536,035             | 149,904             | 685,939             |
| 2026                             | 535,399             | 129,486             | 664,885             |
| 2027                             | 448,398             | 111,221             | 559,619             |
| 2028                             | 465,505             | 94,114              | 559,619             |
| 2029-2033                        | 754,914             | 325,711             | 1,080,625           |
| 2034-2038                        | 266,925             | 252,088             | 519,013             |
| 2039-2043                        | 216,310             | 212,117             | 428,427             |
| 2044-2049                        | 260,844             | 167,584             | 428,428             |
| 2050-2054                        | 314,545             | 113,882             | 428,427             |
| 2055-2058                        | 379,303             | 49,124              | 428,427             |
| 2059                             | 63,272              | 993                 | 64,265              |
| <b>Total Future Payments</b>     | <u>\$ 5,190,066</u> | <u>\$ 1,783,291</u> | <u>\$ 6,973,357</u> |

### Note 10 - Transfers In (Out)

During the fiscal year, \$38,765 was transferred from the Village of Spanish Springs and \$27,437 was transferred from Rolling Acres to Road Maintenance for future road maintenance capital projects.

### Note 11 - 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 \$11,886,151 in cash was received in April 2008. In addition, a total of \$28,021 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 thousand 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 \$167 thousand 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.

### Note 12 - 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 | -          |
| Active Plan Members           | 402        |
| <b>Total Plan Members</b>     | <b>403</b> |

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

| <b>Description</b>  | <b>Amount</b> |
|---|---------------|
| Service Cost  | \$ 117,488    |
| Interest on total OPEB Plan Liability                                 | 49,668        |
| Difference between Expected and Actual Experience                     | (11,071)      |
| Implicit Rate Study Benefit Payment Net Change in OPEB Plan Liability | (552)         |
| Net Change in OPEB Plan Liability                                     | \$ 155,533    |
| Net OPEB Liability, Beginning Balance                                 | 1,118,033     |
| Net OPEB Liability, Ending Balance                                    | \$ 1,273,566  |
| Net OPEB Liability as a % of Covered Payroll                          | 3.26%         |

**Funded Status and Funding Progress** As of September 30, 2023, the total OPEB Plan liability was \$1,273,566, 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 \$39,027,155, and the ratio of the total OPEB Plan liability to the covered payroll was 3.26%.

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, 2022, was the actuarial valuation date. For development of per capita cost purposes and for valuation purposes, October 1, 2022, 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, 2023, 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, 2022 actuarial valuation of the VCCDD Medical Plan.

The 2021 Pension Protection Act mortality tables were used in the October 1, 2022 actuarial valuation. They are based on the results of a statewide experience study covering the period 2006 through 2022.

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

|                        |              |
|------------------------|--------------|
| <b>Inflation</b>       | <b>2.50%</b> |
| <b>Salary Increase</b> | <b>2.50%</b> |

Healthcare cost trend rates were estimated with a 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 4.09% (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 \$203,357 for the fiscal year ended September 30, 2023. At September 30, 2023, 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 | \$ 131,299                    |
| Change of Assumptions - FY 2020 | 60,115                        |
|                                 | <u>191,414</u>                |

  

| Description                     | Deferred Inflow of Resources |
|---------------------------------|------------------------------|
| Change of Assumptions - FY 2018 | \$ (36,215)                  |
| Change of Assumptions - FY 2021 | (4,496)                      |
| Change of Assumptions - FY 2022 | (408,708)                    |
| Change of Assumptions - FY 2023 | (9,975)                      |
|                                 | <u>\$ (459,394)</u>          |

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:

| Fiscal Year Ending September 30, | Amortization        |
|----------------------------------|---------------------|
| 2024                             | \$ (26,277)         |
| 2025                             | (26,277)            |
| 2026                             | (26,276)            |
| 2027                             | (26,276)            |
| 2028                             | (20,381)            |
| Thereafter                       | (142,493)           |
|                                  | <u>\$ (267,980)</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 4.09%, as well as what the OPEB Plan liability would be if it were calculated using a discount rate which is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

|                            | 1% Decrease in Discount Rate (3.09%) | Current Discount Rate (4.09%) | 1% Increase in Discount Rate (5.09%) |
|----------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| <b>OPEB Plan Liability</b> | \$ 1,595,179                         | \$ 1,273,566                  | \$ 1,078,522                         |

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:

|  | 1% Increase  | Healthcare Medical Trend Rate Assumption (4.5%) | 1% Decrease  |
|--|--------------|---|--------------|
| <b>Entry Age Normal Total OPEB Liability</b> | \$ 1,003,027 | \$ 1,273,566                                    | \$ 1,645,316 |

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

|   | <b>2023</b>         | <b>2022</b>         | <b>2021</b>         | <b>2020</b>         | <b>2019</b>       | <b>2018</b>       |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| Service Cost  | \$ 117,488          | \$ 191,138          | \$ 154,518          | \$ 135,667          | \$ 114,713        | \$ 80,229         |
| Interest on Total OPEB Plan Liability                                 | 49,668              | 37,400              | 30,402              | 28,278              | 28,790            | 22,946            |
| Difference between Expected and Actual Experience Benefit Payment     | (11,071)            | (509,624)           | (6,344)             | 98,283              | 255,166           | (86,748)          |
| Implicit Rate Study   | (552)               | (552)               | (23)                | (23)                | 81                | 81                |
| <b>Net Change in Total OPEB Plan Liability</b>                        | <b>155,533</b>      | <b>(281,638)</b>    | <b>178,553</b>      | <b>262,205</b>      | <b>390,546</b>    | <b>16,508</b>     |
| Total OPEB Plan Liability, Beginning                                  | 1,118,033           | 1,399,671           | 1,221,118           | 958,913             | 568,367           | 551,859           |
| <b>Total OPEB Plan Liability, Ending</b>                              | <b>\$ 1,273,566</b> | <b>\$ 1,118,033</b> | <b>\$ 1,399,671</b> | <b>\$ 1,221,118</b> | <b>\$ 958,913</b> | <b>\$ 568,367</b> |
| <br>  |                     |                     |                     |                     |                   |                   |
| Total OPEB Plan Liability   | \$ 1,273,566        | \$ 1,118,033        | \$ 1,399,671        | \$ 1,221,118        | \$ 958,913        | \$ 568,367        |
| Covered Employee Payroll  | \$ 39,027,155       | \$ 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 | 3.3%                | 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 30, 2018. As a result, this schedule will present 10 years of information as available.





# 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  
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, 2023, 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, 2024.

**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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**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, 2024  
Ocala, Florida

# PURVIS GRAY

## 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 the District's major federal program for the year ended September 30, 2023. The District's major federal program is 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, 2023.

#### ***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.



February 28, 2024  
Ocala, Florida

# PURVIS GRAY

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## 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, 2023, and have issued our report thereon dated February 28, 2024.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the 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 and schedule, which are dated February 28, 2024, 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, 2023, 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 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 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, 2024  
 Ocala, Florida

## Attachment to the Management Letter For the Year Ending September 30, 2023

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 \$8,470,379 (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 \$21,485,715 please see attachment.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as \$166,910,000 please see attachment.

**FY 2022-23**  
**Capital Expenditure Summary > \$65,000**

| Project<br>Description                        | Capital > \$65,000<br>As of 09/30/2023 |
|---|--|
| New Ambulance Station 49                      | \$ 1,322,212                           |
| New Fire Engine                               | 686,772                                |
| Briarwood Golf Course Renovation              | 658,132                                |
| Fire Station 43 Renovation                    | 608,486                                |
| Hill Top Golf Course Renovation               | 593,000                                |
| Lifepak15 & Stretcher                         | 420,883                                |
| Gravity Sewer-Vitrified Clay Pipe Lining      | 402,778                                |
| Emergency Generation & Replacement Pane;      | 354,651                                |
| VCSA Belt Filter Press Rehabilitation         | 340,764                                |
| LSSA Belt Filter Press Rehabilitation         | 334,404                                |
| Fire Station 41 Renovation                    | 324,403                                |
| Mira Mesa Greens, Tees, & Course Enhancements | 270,599                                |
| Alhambra Storage Renovation                   | 217,449                                |
| Headworks Improvements                        | 205,828                                |
| Lifepak15 & Holmatro                          | 193,588                                |
| Fire Station 46                               | 156,291                                |
| W3 System Replacement                         | 155,844                                |
| WOB - Trellis Replacement                     | 138,242                                |
| VCSA Headworks Improvements                   | 133,498                                |
| Rio Grande - Mill & Overlay                   | 113,375                                |
| Elevated Storage Tank Improvements            | 106,833                                |
| District Operations Annex                     | 103,368                                |
| Valve Replacement Program                     | 101,562                                |
| FOY-Trellis/Wall Replacement                  | 97,837                                 |
| Advanced Metering                             | 96,407                                 |
| Tierra Del Sol - Mill & Overlay               | 89,602                                 |
| Design WTP No. 1                              | 89,572                                 |
| Traveling Bridge Filter Improvements          | 84,023                                 |
| Flagpole and Foundation Replacement - VOSS    | 69,976                                 |
|   | -                                      |
|   | -                                      |
|   | <u>\$ 8,470,379</u>                    |

**Special District - Non-Ad Valorem Special Assessments and Bonds  
FYE September 30, 2023**

**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 | \$ 19,802,676        |
| VOSS - CAM assessments                         | 1,538,765            |
| Rolling Acres - CAM assessments                | 107,669              |
| Commercial Area Road Maintenance assessments   | 36,605               |
| Total  | <u>\$ 21,485,715</u> |

**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%. | \$113,370,000 |
|--|---------------|

**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%. | 1,810,000 |
|---|-----------|

**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>51,730,000</u> |
|--|-------------------|

|   |                     |
|---|---------------------|
| Total revenue bonds payable                       | \$166,910,000       |
| Less current installment of revenue bonds payable | <u>(11,065,000)</u> |

|   |                      |
|---|----------------------|
| Revenue bonds payable less current installments | <u>\$155,845,000</u> |
|---|----------------------|



# PURVIS GRAY

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

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

We have examined Village Center Community Development District's (the District) compliance with Section 218.415, Florida Statutes, with regards to the District's investments during the fiscal year ended September 30, 2023. 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, 2023, 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*

February 28, 2024  
Ocala, Florida

### CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

[purvisgray.com](http://purvisgray.com)

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

**Schedule of Expenditures of Federal Awards  
For The Year Ended September 30, 2023**

| Grantor/Pass-Through Grantor/Program Title                                     | Grant Number      | Assistance Listing Number | Program or Award Amount | Expenditures/ Expenses |
|--|-------------------|---------------------------|-------------------------|------------------------|
| <b>Federal Awards</b>  |                   |                           |                         |                        |
| <b>Department of Homeland Security</b>   |                   |                           |                         |                        |
| <b>Passed Through Federal Emergency Management Agency:</b>                     |                   |                           |                         |                        |
| Staffing for Adequate Fire and Emergency Response (SAFER) Grant                | EMW-2019-FF-01159 | 97.083                    | 6,521,958               | 2,302,585              |
| <b>Department of Homeland Security</b>   |                   |                           |                         |                        |
| <b>Passed Through Federal Emergency Management Agency:</b>                     |                   |                           |                         |                        |
| <b>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</b> |                   |                           |                         |                        |
|  | 8035F             | 97.036                    | 130,706                 | 259,534                |
| <b>Total Department of Homeland Security</b>                                   |                   |                           | 6,652,664               | 2,562,119              |
| <b>Total Expenditures of Federal Awards</b>                                    |                   |                           | <b>\$ 6,652,664</b>     | <b>\$ 2,562,119</b>    |

**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 de minimus 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?                        | Yes                           |

**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.







**VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT**