Terra Bella Community Development District

Financial Statements

September 30, 2021

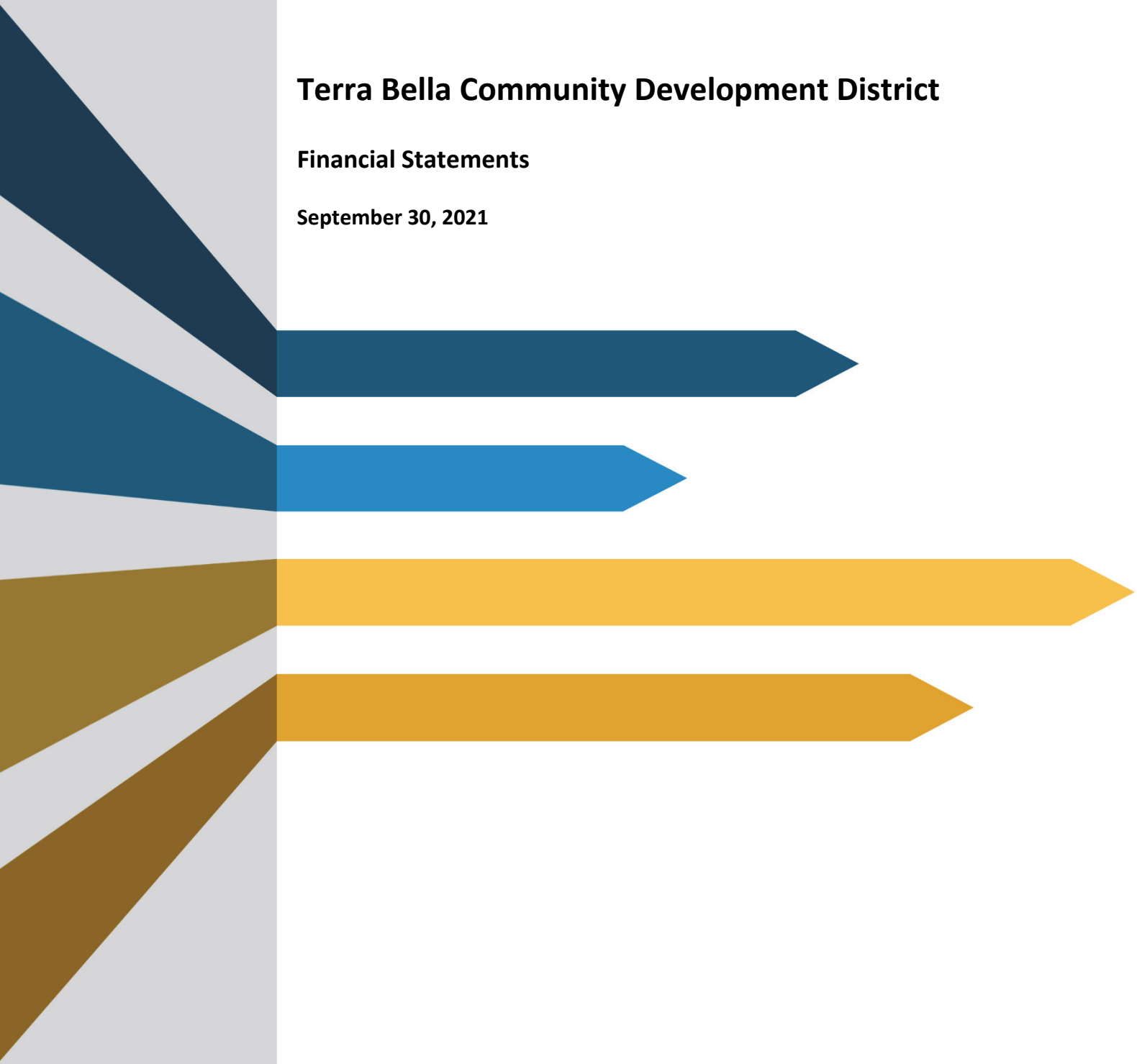


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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Terra Bella Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Terra Bella Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022, on our consideration of the District's internal control over financial reporting and 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 21, 2022

Management's Discussion And Analysis

Our discussion and analysis of the Terra Bella Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2021, the assets and deferred outflows of resources of the District exceeded its liabilities by approximately $345,000.
- During the year ended September 30, 2021, the District incurred approximately $81,000 of interest expenditures and repaid principal of $92,300.
- During the year ended September 30, 2021, the District established infrastructure of approximately $33,000.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the Districts' net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

September 30,	2021	2020	Change
Assets			
Current and other assets	$ 478,447	$ 409,816	$ 68,631
Capital assets, net	2,000,516	2,070,330	(69,814)
Total assets	2,478,963	2,480,146	(1,183)
Deferred outflows of resources			
Deferred charge on refunding	23,584	25,043	(1,459)
Total assets and deferred outflows of resources	$ 2,502,547	$ 2,505,189	$ (2,642)
Liabilities			
Current liabilities	$ 36,313	$ 38,730	$ (2,417)
Other liabilities	2,121,600	2,213,900	(92,300)
Total liabilities	2,157,913	2,252,630	(94,717)
Net position			
Net investment in capital assets	(55,737)	(76,724)	20,987
Restricted for:			
Debt service	129,159	128,501	658
Unrestricted	271,212	200,782	70,430
Total net position	344,634	252,559	92,075
Total liabilities and net position	$ 2,502,547	$ 2,505,189	$ (2,642)

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2021, total liabilities decreased by approximately $95,000, while total assets and deferred outflows of resources remained substantially unchanged from the prior year. The decrease in liabilities is primarily due to the District making scheduled principal payments and prepayments on the Series 2018 Bonds.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

For the year ended September 30,	**2021**	**2020**	**Change**
Revenue:			
Program revenue:			
Charges for services	$ 425,864	$ 408,256	$ 17,608
Grants and contributions	15	1,795	(1,780)
Total revenue	425,879	410,051	15,828
Expenses:			
General government	64,815	67,968	(3,153)
Maintenance and operations	42,758	56,141	(13,383)
Utilities	42,580	44,621	(2,041)
Unallocated depreciation	102,880	102,053	827
Interest	80,771	84,348	(3,577)
Total expenses	333,804	355,131	(21,327)
Change in net position	92,075	54,920	37,155
Net position, beginning of year	252,559	197,639	54,920
Net position, end of year	$ 344,634	$ 252,559	$ 92,075

For more detailed information, see the accompanying Statement of Activities.

During the fiscal year ended September 30, 2021, total revenue increased over the prior year by approximately $16,000 while total expenses decreased from the prior year by approximately $21,000. The increase in revenue is primarily due to an increase in the annual operations and maintenance assessment rate of approximately $98 per lot for the current fiscal year while the decrease in expenses is primarily due to fewer landscaping and maintenance expenditures being incurred in the current year. The overall result was a $92,075 increase in net position for fiscal year 2021.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of approximately $475,000, which is an increase over last year's balance that totaled approximately $405,000. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2021, the District incurred approximately $81,000 of interest expenditures and repaid principal of $92,300.

- During the fiscal year ended September 30, 2021. The District established infrastructure of approximately $33,000.

The overall increase in fund balance for the year ended September 30, 2021 totaled approximately $70,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021, the District had approximately $2 million invested in capital assets (net of accumulated depreciation). This amount represents a decrease of approximately $70,000 from the fiscal year 2020 total.

A listing of capital assets by major category for the current and prior year follows:

September 30,	2021	2020	Change
Capital assets being depreciated	$ 3,123,926	$ 3,090,860	$ 33,066
Accumulated depreciation	1,123,410	1,020,530	102,880
Net capital assets	$ 2,000,516	$ 2,070,330	$ (69,814)

More information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At September 30, 2021, the District had approximately $2.1 million of debt outstanding. This amount represents a decrease of $92,300 from the fiscal year 2020 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

September 30,	2021	2020	Change
Series 2018	$ 2,121,600	$ 2,213,900	$ (92,300)
	$ 2,121,600	$ 2,213,900	$ (92,300)

More information about the District's long-term debt is presented in Note 5 to the financial statements.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 22.

The District experienced a favorable variance in revenue and expenditures as compared to the budget in the amounts of $4,474 and $65,956, respectively. The variance in revenue was primarily due to interest earned on delinquent tax assessments. The favorable variance in expenditures was primarily due to fewer landscaping and maintenance expenditures being incurred than anticipated in the current year.

FUTURE FINANCIAL FACTORS

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Terra Bella Community Development District's management company, Governmental Management Services, at 5385 North Nob Hill Road, Sunrise, FL, 33351.

Basic Financial Statements

Terra Bella Community Development District
Statement of Net Position

September 30,		2021
		Governmental Activities
Assets		
Cash and cash equivalents	$	268,903
Investments		198,309
Accounts receivable		3,373
Prepaid expenses and deposits		7,862
Capital assets, net		2,000,516
Total assets		2,478,963
Deferred outflows of resources		
Deferred charges on refunding		23,584
Total deferred outflows of resources		23,584
Liabilities		
Accounts payable		3,428
Accrued interest payable		32,885
Non-current liabilities:		
Due within one year		116,100
Due in more than one year		2,005,500
Total liabilities		2,157,913
Net position		
Net investment in capital assets		(55,737)
Restricted for:		
Debt service		129,159
Unrestricted		271,212
Total net position	$	344,634

The accompanying notes are an integral part of these financial statements.

Terra Bella Community Development District
Statement of Activities

For the year ended September 30, **2021**

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary government:				
Governmental activities:				
General government	$ (64,815)	$ 109,490	$ -	$ 44,675
Maintenance	(42,758)	72,230	-	29,472
Utilities	(42,580)	71,929	-	29,349
Unallocated depreciation	(102,880)	-	-	(102,880)
Interest	(80,771)	172,215	15	91,459
Total governmental activities	$ (333,804)	$ 425,864	$ 15	92,075
Change in net position				92,075
Net position - beginning of year				252,559
Net position - end of year				$ 344,634

The accompanying notes are an integral part of these financial statements.

Terra Bella Community Development District
Balance Sheet – Governmental Funds

September 30,	2021		
	General	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 268,903	$ -	$ 268,903
Investments	-	198,309	198,309
Accounts receivable	2,009	1,364	3,373
Deposits	200	-	200
Prepaid expenditures	7,662	-	7,662
Due from other funds	-	4,134	4,134
Total assets	$ 278,774	$ 203,807	$ 482,581
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 3,428	$ -	$ 3,428
Due to other funds	4,134	-	4,134
Total liabilities	7,562	-	7,562
Fund balances			
Nonspendable	7,862	-	7,862
Restricted for debt service	-	203,807	203,807
Unassigned	263,350	-	263,350
Total fund balances	271,212	203,807	475,019
Total liabilities and fund balances	$ 278,774	$ 203,807	$ 482,581

The accompanying notes are an integral part of these financial statements.

Terra Bella Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30,		**2021**
Total fund balances, governmental funds	$	475,019
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.		2,000,516
Deferred charges on refunding are not financial resources and, therefore are not reported as assets in governmental funds. The Statement of Net Position includes these charges, net of amortization.		23,584
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.		(2,154,485)
Total net position - governmental activities	$	344,634

The accompanying notes are an integral part of these financial statements.

Terra Bella Community Development District
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds

For the year ended September 30,	2021		
	General	**Debt Service**	**Total Governmental Funds**
Revenue			
Assessments	$ 253,649	$ 172,215	$ 425,864
Interest and other revenue	-	15	15
Total revenue	253,649	172,230	425,879
Expenditures			
Current:			
General government	64,815	-	64,815
Maintenance and operations	42,758	-	42,758
Utilities	42,580	-	42,580
Debt service:			
Principal	-	92,300	92,300
Interest	-	80,743	80,743
Capital outlay	33,066	-	33,066
Total expenditures	183,219	173,043	356,262
Excess (deficit) of revenue over expenditures	70,430	(813)	69,617
Fund balances, beginning of year	200,782	204,620	405,402
Fund balances, end of year	$ 271,212	$ 203,807	$ 475,019

The accompanying notes are an integral part of these financial statements.

Terra Bella Community Development District
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30,		**2021**
Net change in fund balances - governmental funds	$	69,617
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Assets.		33,066
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.		(102,880)
Certain debt transactions are treated as expenditures in governmental fund financial statements, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.		92,300
Amortization of deferred refunding costs is not recognized in the governmental fund statements but is reported as an expense in the Statement of Activities.		(1,459)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund level statements.		1,431
Change in net position of governmental activities	$	92,075

The accompanying notes are an integral part of these financial statements.

NOTE 1: NATURE OF ORGANIZATION

The Terra Bella Community Development District (the "District") was established on June 15, 2010 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Pasco County Ordinance 10-12. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2021, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities, operation and maintenance. Assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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

For the year ended September 30, 2021, the District does not report any proprietary funds.

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

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

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40*, Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3).*

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligation of the U.S. Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows:

Infrastructure	Years
Infrastructure - roadways	40
Infrastructure - other	10
Infrastructure - stormwater management	25
Improvements - landscape	30

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item, a deferred charge of refunding that qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item at September 30, 2021.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

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

NOTE 3: INVESTMENTS

As shown below, the District's investments held at September 30, 2021 consist of short-term money market funds. In accordance with GASB 72, *Fair Value Measurement and Application*, the money market amounts are reported in the financial statements at amortized cost.

September 30,		**2021**	**Credit Risk**	**Maturities**
Short-term Money Market Funds	$	198,309	S&P AAAm	38 days
	$	198,309		

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2021, the money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration risk – The District's investment policy requires diversification, but does not specify limits on types of investments.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2021:

	Beginning Balance	Additions	Ending Balance
Governmental Activities:			
Capital assets being depreciated			
Infrastructure - roadways	$ 1,289,242	$ -	$ 1,289,242
Infrastructure - other	-	33,066	33,066
Infrastructure - stormwater management	1,465,150	-	1,465,150
Improvements - landscape	336,468	-	336,468
Total capital assets, being depreciated	3,090,860	33,066	3,123,926
Less accumulated depreciation			
Infrastructure - roadways	322,310	32,231	354,541
Infrastructure - other	-	827	827
Infrastructure - stormwater management	586,060	58,606	644,666
Improvements - landscape	112,160	11,216	123,376
Total accumulated depreciation	1,020,530	102,880	1,123,410
Total capital assets, being depreciated, net	2,070,330	(69,814)	2,000,516

Depreciation expense of $102,880 was unallocated on the accompanying Statement of Activities.

NOTE 5: BOND PAYABLE

Effective November 19, 2018, the District issued $2,376,600 Special Assessment Refunding Bonds, Series 2018 with an interest rate of 3.72%. The purpose of the Bonds was to refund certain outstanding debt of the District. Interest is paid semiannually on each May 1 and November 1. Principal payments on the $2,376,600 Term Bonds are made serially commencing on November 1, 2019 through November 1, 2038. These bonds were issued to refund all of the remaining outstanding Series 2011A Bonds for the benefit of the District.

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bond Payable:					
Series 2018	$ 2,213,900	$ -	$ (92,300)	$ 2,121,600	$ 116,100
	$ 2,213,900	$ -	$ (92,300)	$ 2,121,600	$ 116,100

NOTE 5: BOND PAYABLE (Continued)

At September 30, 2021, the schedule debt service requirements on long-term debt were as follows:

For the year ending September 30,	Principal	Interest	Total Debt Service
2022	$ 116,100	$ 77,062	$ 193,162
2023	88,400	72,960	161,360
2024	92,600	69,594	162,194
2025	96,700	66,073	162,773
2026	100,700	62,401	163,101
2027 - 2031	552,200	252,696	804,896
2032 - 2036	664,800	139,883	804,683
2037 - 2039	410,100	21,392	431,492
	$ 2,121,600	$ 762,061	$ 2,883,661

The Bond Indenture requires that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the agreement. The requirement has been met for the fiscal year ended September 30, 2021.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture.

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in the previous three years, as there have been no claims.

NOTE 7: MANAGEMENT COMPANY

The District has contracted with a management company, Governmental Management Services, to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

Required Supplemental Information
(Other Than MD&A)

Terra Bella Community Development District
Budget to Actual Comparison Schedule – General Fund

For the year ended September 30,	2021		
	Original and Final Budget	**Actual Amounts**	**Variance with Final Budget**
Revenue			
Assessments	$ 249,175	$ 253,649	$ 4,474
Total revenue	249,175	253,649	4,474
Expenditures			
General government	75,925	64,815	11,110
Maintenance and operations	88,500	42,758	45,742
Utilities	48,750	42,580	6,170
Capital outlay	36,000	33,066	2,934
Total expenditures	249,175	183,219	65,956
Excess of revenue over expenditures	$ -	$ 70,430	$ 70,430

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

To the Board of Supervisors
Terra Bella Community Development District
Pasco County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terra Bella Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 2022.

Internal Control Over Financial Reporting

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

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

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

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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 21, 2022

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MANAGEMENT LETTER

To the Board of Supervisors
Terra Bella Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the financial statements of Terra Bella Community Development District ("District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated January 21, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated January 21, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual 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. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

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

Specific Information

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

a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.

c. All compensation earned by or awarded to employees whether paid or accrued, regardless of contingency as $0.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.

e. The District does not have any construction projects with a total cost of at least $65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.

f. The District did not amend its final adopted budget under Section 189.016(6).

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Terra Bella Community Development District reported:

a. The rate or rates of non-ad valorem special assessments imposed by the district as $1,707 per residential unit.

b. The total amount of special assessments collected by or on behalf of the district as $425,864.

c. The total amount of outstanding bonds issued by the district as $2,121,600.

Additional Matters

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

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 21, 2022

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
Terra Bella Community Development District
Pasco County, Florida

We have examined Terra Bella Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. 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 performed the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 21, 2022