

**MEADOW POINTE IV
COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Meadow Pointe IV Community Development District
Pasco County, Florida

Report on the Audit of the Financial Statements

Opinions

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

Basis for Adverse Opinion on Special Purpose Entity Fund and on Governmental Activities

Management has not recorded the special purpose entity fund, (a special revenue fund that accounts for the activities of the special purpose entity ("SPE")), a blended component unit of the District. Accounting principles generally accepted in the United States of America require that the SPE be recorded as a special revenue fund in the fund financial statements, thus increasing the assets, liabilities and net position of the governmental activities. The amount by which this departure would affect the assets, liabilities and fund balance of the SPE fund, and the assets and net position of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Special Purpose Entity Fund and on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the special purpose entity fund and the governmental activities of the District, as of September 30, 2022, or the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, debt service fund and capital projects fund of the District as of September 30, 2022, and the respective changes in financial position, thereof for the fiscal 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 6 and other notes to the basic financial statements, the District did not have sufficient funds to make certain scheduled debt service payments on several Bonds when due and, as a result, the payments were not made. The District's failures to make its scheduled debt service payments when they are due are considered events of default. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

B. ... & Associates

November 6, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Meadow Pointe IV Community Development District, Pasco County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year resulting in a net position deficit balance of (\$7,325,313).
- The change in the District's total net position in comparison with the prior fiscal year was (\$1,054,866), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2022, the District's governmental funds reported combined ending fund balances of (\$8,949,236), a decrease of (\$1,172,427) in comparison with the prior fiscal year. A portion of the fund balance is non-spendable for prepaid items and deposits, restricted for capital projects and assigned to capital reserves. The remaining general fund balance is unassigned fund balance which is available for spending at the District's discretion. The debt service fund reports a deficit fund balance of (\$10,289,667).

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance and operations.

Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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 District'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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2022	2021 (Restated)
Current and other assets	\$ 1,877,800	\$ 2,254,664
Capital assets, net of depreciation	14,098,175	14,999,826
Total assets	15,975,975	17,254,490
Deferred outflows of resources	41,344	-
Total assets and deferred outflows	16,017,319	17,254,490
Current liabilities	11,175,632	10,794,937
Long-term liabilities	12,167,000	12,730,000
Total liabilities	23,342,632	23,524,937
Net position		
Net investment in capital assets	1,931,175	3,908,835
Restricted	9,005	8,990
Unrestricted	(9,265,493)	(10,188,272)
Total net position	\$ (7,325,313)	\$ (6,270,447)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in 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 cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

The District's net position decreased during the most recent fiscal year. The majority of the decrease represents the extent to which the cost of operations and depreciation expense exceeded ongoing program revenues.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2022	2021 (Restated)
Revenues:		
Program revenues		
Charges for services	\$ 2,564,509	\$ 2,169,500
Operating grants and contributions	2,063	13,984
Capital grants and contributions	15	-
General revenues		
Miscellaneous	60,368	59,770
Unrestricted investment earnings	2,455	387
Total revenues	<u>2,629,410</u>	<u>2,243,641</u>
Expenses:		
General government	176,963	183,267
Physical environment	1,926,903	1,524,534
Culture and recreation	365,211	450,331
Interest on long-term debt	1,054,720	1,121,910
Bond issue costs	160,479	-
Total expenses	<u>3,684,276</u>	<u>3,280,042</u>
Change in net position	(1,054,866)	(1,036,401)
Net position - beginning, restated	(6,270,447)	(5,234,046)
Net position - ending	<u>\$ (7,325,313)</u>	<u>\$ (6,270,447)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2022 was \$3,684,276. The costs of the District's activities were primarily funded by program revenues. Program revenues were comprised primarily of assessments, increased from the prior fiscal year as a result of more assessments collected. In total, expenses increased from the prior fiscal year, the majority of the increase was the result of an increase in maintenance costs and bond issue costs relating to the Series 2022 Bonds.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures for the fiscal year ended September 30, 2022 exceeded appropriations by \$201,209. The over expenditures were funded by available fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2022, the District had \$18,376,008 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$4,277,833 has been taken, which resulted in a net book value of \$14,098,175. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2022, the District had \$12,167,000 Bonds outstanding for its governmental activities. During the current fiscal year the District issued \$1,336,000 and \$2,348,000 in Series 2022A-1 and Series 2022A-2 Bonds, respectively. More detailed information about the District's capital debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

Subsequent to the end of the current fiscal year, Several outstanding delinquent Bonds totaling \$12,160,000 were cancelled – See Note 13 for details. The financial statements were not adjusted for this matter.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Meadow Pointe IV Community Development District's Accounting Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

FINANCIAL STATEMENTS

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
ASSETS	
Cash	\$ 1,333,026
Prepaid items and deposits	67,224
Restricted assets:	
Investments	477,550
Capital assets:	
Depreciable, net	14,098,175
Total assets	15,975,975
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding (debit)	41,344
Total deferred outflows of resources	41,344
 LIABILITIES	
Accounts payable and accrued expenses	92,345
Accrued interest payable	388,596
Due to Developer	
Deposits	800
Due to Bondholders	
Principal	6,035,000
Interest	4,658,891
Non-current liabilities:	
Due within one year*	384,000
Due in more than one year	11,783,000
Total liabilities	23,342,632
 NET POSITION	
Net investment in capital assets	1,931,175
Restricted for capital projects	9,005
Unrestricted	(9,265,493)
Total net position	\$ (7,325,313)

* The missed debt service payments due for the Series 2005B, 2007B, 2012B, and 2014A Bonds are reflected in the due to Bondholders account balance.

See notes to the financial statements

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary government:					
Governmental activities:					
General government	\$ 176,963	\$ -	\$ -	\$ -	-
Physical environment	1,926,903	-	15	(562,879)	(562,879)
Culture and recreation	365,211	-	-	(365,211)	(365,211)
Interest on long-term debt	1,054,720	2,063	-	(29,120)	(29,120)
Bond issue costs	160,479	-	-	(160,479)	(160,479)
Total governmental activities	3,684,276	2,564,509	2,063	15	(1,117,689)
General revenues:					
Unrestricted investment earnings					2,455
Miscellaneous					60,368
Total general revenues					62,823
Change in net position					(1,054,866)
Net position - beginning, as restated					(6,270,447)
Net position - ending					\$ (7,325,313)

See notes to the financial statements

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 1,333,026	\$ -	\$ -	\$ 1,333,026
Investments	-	468,545	9,005	477,550
Prepaid items and deposits	67,224	-	-	67,224
Total assets	<u>\$ 1,400,250</u>	<u>\$ 468,545</u>	<u>\$ 9,005</u>	<u>\$ 1,877,800</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 68,024	\$ 24,321	\$ -	\$ 92,345
Due to Bondholders:	-	10,733,891	-	10,733,891
Deposits	800	-	-	800
Total liabilities	<u>68,824</u>	<u>10,758,212</u>	<u>-</u>	<u>10,827,036</u>
Fund balances:				
Nonspendable:				
Prepaid items and deposits	67,224	-	-	67,224
Restricted for:				
Capital projects	-	-	9,005	9,005
Assigned to:				
Capital reserve	721,178	-	-	721,178
Provence landscaping	50,000	-	-	50,000
Unassigned	493,024	(10,289,667)	-	(9,796,643)
Total fund balances	<u>1,331,426</u>	<u>(10,289,667)</u>	<u>9,005</u>	<u>(8,949,236)</u>
Total liabilities and fund balances	<u>\$ 1,400,250</u>	<u>\$ 468,545</u>	<u>\$ 9,005</u>	<u>\$ 1,877,800</u>

See notes to the financial statements

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balance - governmental funds \$ (8,949,236)

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	18,376,008	
Accumulated depreciation	<u>(4,277,833)</u>	14,098,175

Deferred charges on refunding of long-term debt are shown as deferred outflows/inflows of resources in the government-wide financial statements; however, this amount is expensed in the governmental fund financial statements. 41,344

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(388,596)	
Bonds payable*	<u>(12,127,000)</u>	<u>(12,515,596)</u>

Net position of governmental activities		<u>\$ (7,325,313)</u>
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* The missed debt service payments due for the Series 2005B, 2007B, 2012B, and 2014A Bonds are reflected in the due to Bondholders account balance.

See notes to the financial statements

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 1,540,972	\$ 1,023,537	\$ -	\$ 2,564,509
Interest income	2,455	2,063	15	4,533
Miscellaneous Revenue	60,368	-	-	60,368
Total revenues	1,603,795	1,025,600	15	2,629,410
EXPENDITURES				
Current:				
General government	152,642	24,321	-	176,963
Physical environment	1,104,851	-	-	1,104,851
Culture and recreation	285,612	-	-	285,612
Debt service:				
Principal	-	247,000	-	247,000
Interest	-	1,170,932	-	1,170,932
Bond issuance costs	-	160,479	-	160,479
Total expenditures	1,543,105	1,602,732	-	3,145,837
Excess (deficiency) of revenues over (under) expenditures	60,690	(577,132)	15	(516,427)
OTHER FINANCING SOURCES (USES)				
Payment to refunded bonds	-	(4,340,000)	-	(4,340,000)
Bond issuance	-	3,684,000	-	3,684,000
Total other financing sources (uses)	-	(656,000)	-	(656,000)
Net change in fund balances	60,690	(1,233,132)	15	(1,172,427)
Fund balances - beginning	1,270,736	(9,056,535)	8,990	(7,776,809)
Fund balances - ending	\$ 1,331,426	\$ (10,289,667)	\$ 9,005	\$ (8,949,236)

See notes to the financial statements

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds	\$ (1,172,427)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(3,684,000)
Governmental funds report amounts transferred to the escrow agent in connection with the issuance of refunding Bonds as a financing use, whereas these amounts are eliminated in the statement of activities and reduce long-term liabilities in the statement of net position.	4,340,000
Governmental funds report amounts transferred to the escrow agent in connection with the issuance of refunding Bonds as a financing use, whereas these amounts are eliminated in the statement of activities and included in the deferred charge on refunding in the statement of net position.	41,800
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	247,000
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(901,651)
Amortization of the deferred charge on refunding is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(456)
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.	<u>74,868</u>
Change in net position of governmental activities	<u><u>\$ (1,054,866)</u></u>

See notes to the financial statements

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Meadow Pointe IV Community Development District (the "District") was established by Pasco County Ordinance 2002-21 enacted on September 4, 2002 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. 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 the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected on an at large basis by the qualified electors within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Allocating 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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments imposed on assessable lands located within the District. Assessments may be levied on property to pay for the operations and maintenance of the District. The fiscal year for which annual assessments may be levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

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 government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash on hand and demand deposits are considered to be cash and cash equivalents.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items

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

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roadways & infrastructure	20
Stormwater & water systems	25
Security & landscaping	15
Recreational facilities	10 - 30
Furniture, fixtures & equipment	5 - 10

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Refundings of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, \$456 was recognized as a component of interest expense in the current fiscal year.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

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 ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not 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 financial position will sometimes report 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.

In addition to liabilities, the statement of financial position 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.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Prior Period Restatement

The beginning net position was restated for capital assets placed in service and conveyed to other entities as follows:

	<u>Governmental activities</u>
Net position - beginning, as previously stated	\$ 33,222,041
Capital assets adjustment	(39,492,488)
Net position - beginning, as restated	<u>\$ (6,270,447)</u>

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

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) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate Bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2022:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Weight Average Maturities</u>
First American Treasury Class Y	\$ 67,101	S&P AAAM	9 days
First American Treasury Class Z	327,332	S&P AAAM	9 days
US Bank Money Market	83,117	Not available	Not available
Total Investments	<u>\$ 477,550</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indentures limit the type of investments held using unspent proceeds.

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance (Restated)	Additions	Disposals	Ending Balance
<u>Governmental activities</u>				
Capital assets, being depreciated				
Roadways & infrastructure	\$ 13,356,524	\$ -	\$ -	\$ 13,356,524
Stormwater & water systems	1,451,020	-	-	1,451,020
Security & landscaping	1,442,775	-	-	1,442,775
Recreational facilities	2,076,422	-	-	2,076,422
Furniture, fixtures & equipment	49,267	-	-	49,267
Total capital assets, being depreciated	18,376,008	-	-	18,376,008
Less accumulated depreciation for:				
Roadways & infrastructure	2,003,479	667,826	-	2,671,305
Stormwater & water systems	174,122	58,041	-	232,163
Security & landscaping	288,555	96,185	-	384,740
Recreational facilities	887,362	74,112	-	961,474
Furniture, fixtures & equipment	22,664	5,487	-	28,151
Total accumulated depreciation	3,376,182	901,651	-	4,277,833
Total capital assets, being depreciated, net	14,999,826	(901,651)	-	14,098,175
Governmental activities capital assets, net	\$ 14,999,826	\$ (901,651)	\$ -	\$ 14,098,175

Depreciation expense was charged to function/programs as follows:

Physical environment	\$ 822,052
Culture and recreation	79,599
Total depreciation expense	<u>\$ 901,651</u>

NOTE 6 – LONG-TERM LIABILITIES

Capital Improvement Revenue Bonds - Series 2004A

On September 9, 2004, the District issued \$6,005,000 of Capital Improvement Revenue Bonds, Series 2004 due on May 1, 2036 with a fixed interest rate of 6%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was to be paid semiannually on each May 1 and November 1, commencing November 1, 2004. Principal on the Bonds was to be paid serially commencing May 1, 2007 through May 1, 2036.

The Series 2004A Bonds were subject to redemption at the option of the District prior to their maturity on or after May 1, 2014 at a redemption price as set forth in the Bond Indenture. The Bonds were subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Series 2004 Bonds were in default due to nonpayment of debt service and the bonds were restructured in prior years. Of the Restructured Series 2004 Bonds, \$2,600,000 was exchanged for Series 2012 Convertible Capital Appreciation Bonds and \$3,120,000 remains outstanding. The terms of the unexchanged Series 2004 Bonds remain unchanged except that principal is no longer due in annual installments but rather in one lump sum payment at the end of the bond term on May 1, 2036. The unpaid portion, \$3,120,000 is still outstanding at September 30, 2022. The Series 2004A Bonds were cancelled subsequent to year end.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Capital Improvement Revenue Bonds - Series 2005

On December 12, 2005, the District issued \$7,455,000 of Capital Improvement Revenue Bonds, Series 2005 due on May 1, 2015 with a fixed interest rate of 5.25%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was to be paid semiannually on each May 1 and November 1, commencing May 1, 2006. Principal on the Bonds was due in one lump sum on May 1, 2015.

The Series 2005 Bonds were not subject to redemption at the option of the District prior to their maturity. The Bonds were subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Indenture.

The Series 2005 Bonds were in default due to nonpayment of debt service. In prior years, the District redeemed \$10,000 of the Series 2005 Bonds, \$560,000 was forgiven and the remaining amounts were restructured. Of the Restructured Series 2005 Bonds, \$5,085,000 was exchanged for Series 2012 Convertible Capital Appreciation Bonds and \$1,800,000 remains outstanding. The terms of the unexchanged Series 2005 Bonds remain unchanged. The unpaid portion, \$1,800,000 is included in matured bonds payable. The Series 2005 Bonds were cancelled subsequent to year end.

Capital Improvement Revenue Bonds - Series 2007

On August 17, 2007, the District issued \$12,220,000 of Capital Improvement Revenue Bonds, Series 2007 consisting of \$6,390,000 Series 2007A Bonds due on May 1, 2038 with a fixed interest rate of 6.25% and \$5,830,000 Series 2007B Bonds due on November 1, 2014 with a fixed interest rate of 6.15%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was to be paid semiannually on each May 1 and November 1, commencing November 1, 2007. Principal on the Series 2007A Bonds was to be paid annually commencing on May 1, 2009 through May 1, 2038. Principal on the 2007B Bonds was due in one lump sum on November 1, 2014.

The Series 2007A Bonds were subject to redemption at the option of the District prior to their maturity. The Series 2007B Bonds were not subject to redemption at the option of the District prior to maturity. The Series 2007A and Series 2007B Bonds were subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Series 2007 Bonds were in default due to nonpayment of debt service. In prior years, the District redeemed \$500,000 of the Series 2007A Bonds, \$460,000 of the Series 2007B Bonds and the remaining amounts were restructured. Of the Restructured Series 2007 Bonds, \$2,810,000 of the Series 2007A and \$2,605,000 of the Series 2007B Bonds were exchanged for Series 2012 Convertible Capital Appreciation Bonds. The unexchanged Series 2007A Bonds totaling \$3,005,000 remain outstanding. The terms of the unexchanged Series 2007A Bonds remain unchanged except that the principal is no longer due in annual installments but rather in a lump sum payment at the end of the bond term on May 1, 2038. The Series 2007B unpaid portion, \$2,765,000 is included in matured bonds payable. The Series 2007A and Series 2007B Bonds were cancelled subsequent to year end.

Capital Improvement Revenue Bonds - Series 2012

In June 2012, the District issued Series 2012 Bonds comprised of: Series 2012A-1 Bonds of \$1,621,630 due on May 1, 2036 with a fixed interest rate of 6%; Series 2012A-2 Bonds of \$3,077,116 due on May 1, 2038 with a fixed interest rate of 6.25%; Series 2012B-1 Bonds of \$4,075,280 due on May 1, 2020 with a fixed interest rate of 6.81% and Series 2012B-2 Bonds of \$3,195,000 due on May 1, 2015 with a fixed interest rate of 5.25%. The Bonds were issued in exchange for portions of the Series 2004, 2005 and 2007 Bonds.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Capital Improvement Revenue Bonds - Series 2012 (Continued)

The Series 2012A-1, 2012A-2 and 2012B-1 Bonds are Convertible Capital Appreciation Bonds. Interest accretes and was added to the bond value from the issuance date until the conversion date of May 1, 2014. As of that date, the bonds converted to current interest bonds and interest payment are due semiannually on each May 1 and November 1, commencing November 1, 2014. Annual principal payments began on May 1, 2015 for the Series 2012A-1 and Series 2012A-2. Principal on the 2012B-1 Bonds was due in a lump sum payment May 1, 2021. The Series 2012A-1 and 2012A-2 Bonds were refunded during the current year using proceeds from the Series 2022 Capital Improvement Revenue Refunding Bonds. The Series 2012B-1 Bonds were fully redeemed in November 2019.

The Series 2012B-2 Bonds are current interest bonds. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2012. Principal on the 2012B-2 Bonds was due in a lump sum payment May 1, 2015. The Series 2012A-1 and 2012A-2 Bonds are subject to redemption at the option of the District, in whole or in part anytime on or after May 1, 2022 at a redemption price as set forth in the Bond Indenture. The Series 2012B-1 and 2012B-2 Bonds are not subject to such redemption. The Series 2012 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture. The Bond Indenture has certain restrictions and requirements relating principally to the use of the proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to collect special assessments in annual installments adequate to provide for the payment of debt service. The unpaid portion, \$1,470,000 is included in matured bonds payable. The Series 2012B-2 Bonds were cancelled subsequent to year end.

Payment of principal and interest on the 2012 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenues. Collection of assessments on the Convertible Capital Appreciation Bonds commences with the initial debt service payment on November 1, 2014.

Capital Improvement Revenue Bonds - Series 2014

In June 2014, the District issued Capital Improvement Revenue Refunding Bonds, Series 2014 comprised of: Series 2014A Bonds of \$908,074 due on May 1, 2034 with a fixed interest rate of 7.25% and Series 2014B Bonds of \$810,932 due on May 1, 2022 with a fixed interest rate of 7.25%. The Bonds were issued in exchange for \$1,719,005 of the Series 2012B-2 Bonds.

The Series 2014 Bonds are Convertible Capital Appreciation Bonds. Interest accretes and was added to the bond value from the issuance date until the conversion date of November 1, 2016. After that date, the bonds converted to current interest bonds and interest payments are due semiannually on each May 1 and November 1, commencing May 1, 2017. Annual principal payments began on May 1, 2017 for the Series 2014A Bonds. Principal on the 2014B Bonds was due in a lump sum payment May 1, 2022. The Series 2014B Bonds were fully redeemed in November 2019.

The Series 2014A Bonds were in default due to the nonpayment of the \$40,000 principal payment scheduled on May 1, 2022. See Note 13 for additional events of default occurring subsequent to fiscal year end.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. The District is in compliance with this requirement at September 30, 2022.

Capital Improvement Revenue Refunding Bonds - Series 2015

In April 2015, the District issued \$2,360,000 of Capital Improvement Revenue Refunding Bonds, Series 2015 due on May 1, 2034 with a variable interest rate of 2% to 4.20%. Interest payments are due semiannually on each May 1 and November 1, commencing November 1, 2015. Principal on the bonds is to be paid serially commencing May 1, 2016 through May 1, 2034.

The Series 2015 Bonds were subject to redemption at the option of the District prior to their maturity. The Series 2015 Bonds were also subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Capital Improvement Revenue Refunding Bonds - Series 2015 (Continued)

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. The District is in compliance with this requirement at September 30, 2022.

Capital Improvement Revenue Refunding Bonds - Series 2022

In April 2022, the District issued Series 2022 Bonds comprised of Series 2022A-1 Bonds of \$1,336,000 due on May 1, 2036 with a fixed interest rate of 2.59% and Series 2022A-2 Bonds of \$2,348,000 due on May 1, 2038 with a fixed interest rate of 2.63%. The Series 2022 Bonds were issued to redeem all the outstanding Series 2012A-1 and Series 2012A-2, respectively. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2022 through May 1, 2036 and May 1, 2038 for both the Series 2012A-1 and 2012A-2 Bonds, respectively.

The Series 2022 Bonds were subject to redemption at the option of the District prior to their maturity. The Series 2022 Bonds were also subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. The District is in compliance with this requirement at September 30, 2022.

Refunded Bonds

The District currently refunded the Series 2012 Capital Improvement Revenue Bonds, which had an outstanding balance of \$4,340,000 at the time of the current refunding with the proceeds from the Series 2022 Bonds. The refunding was a current refunding and resulted in a difference in cash flows required to pay the respective debt service of \$1,811,022. The refunding resulted in an economic gain of \$705,091. The refunded Bonds have been paid off as of September 30, 2022.

Changes in long-term liability activity for the fiscal year ended September 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2004A	\$ 3,120,000	\$ -	\$ -	\$ 3,120,000	\$ -
Series 2007A	3,005,000	-	-	3,005,000	-
Series 2012A-1	1,440,000	-	1,440,000	-	-
Series 2012A-2	2,900,000	-	2,900,000	-	-
Series 2014A	830,000	-	-	830,000	80,000
Series 2015	1,735,000	-	105,000	1,630,000	110,000
Series 2022A-1	-	1,336,000	41,000	1,295,000	78,000
Series 2022A-2	-	2,348,000	61,000	2,287,000	116,000
Total	<u>\$ 13,030,000</u>	<u>\$ 3,684,000</u>	<u>\$ 4,547,000</u>	<u>\$ 12,167,000</u>	<u>\$ 384,000</u>

NOTE 6 – LONG-TERM LIABILITIES (Continued)

At September 30, 2022, the scheduled debt service requirements on the long-term debt were as follows:

Year ending, September 30:	Governmental Activities		
	Principal*	Interest*	Total
2023	\$ 384,000	\$ 590,910	\$ 974,910
2024	360,000	579,424	939,424
2025	370,000	566,988	936,988
2026	380,000	554,057	934,057
2027	395,000	540,023	935,023
2028-2032	2,232,000	2,463,635	4,695,635
2033-2037	4,868,000	1,941,278	6,809,278
2038	3,178,000	192,363	3,370,363
Total	\$ 12,167,000	\$ 7,428,678	\$ 19,595,678

* Includes Series 2004, 2007A, 2014A, 2015, 2022A-1 & 2022A-2

NOTE 7 – ASSESSMENTS

The Developer owns a portion of the land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer.

NOTE 8 – CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

NOTE 9 – SPECIAL PURPOSE ENTITY

In 2011, the Trustee, on behalf of the bondholders, created a Special Purpose Entity ("SPE"), Maxcy Development Group Holdings - Meadow Pointe IV, Inc., to own, manage and dispose of land taken in lieu of foreclosure from three significant landowners of the District. The District, Trustee and the SPE entered into a tri-party agreement whereby the SPE agreed to pay current operating and maintenance assessments of the District. The SPE does not pay debt service assessments because the Trustee has directed the District to temporarily defer collection of the debt service assessments.

In the prior fiscal year, the SPE paid \$13,984 to the District to fund the Debt Service Fund. The SPE is funded through the District trust accounts at the discretion of the trustee. In the current year, the Trustee did not provide any funding to the SPE through the District trust accounts. If funds are no longer available in the trust estate to fund the SPE and another funding source has not been secured, the SPE may convey its property to the District, the trustee or another SPE.

In fiscal year 2011-2012, the SPE sold a portion of the land to a developer. The District used proceeds from the sale to redeem \$1,100,000 of the Series 2004, Series 2005 and Series 2007 Bonds outstanding. Additionally, the District used proceeds of \$1,041,039 to fund the Series 2012 Debt Service reserve accounts and the bond issuance costs. In fiscal year 2013-2014, the SPE sold the remaining land to a developer. As lots are sold, funds are remitted to the trustee to pay down the un-exchanged bonds.

The SPE was dissolved on December 22, 2022.

NOTE 10 – DEFICIT FUND EQUITY

The debt service fund had a deficit fund balance of (\$10,265,346) at September 30, 2022. The deficit will be covered by debt cancellations and assessments collected in the subsequent period.

NOTE 11 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management 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.

NOTE 12 – 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 has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There was one settled claim during the past three years that did not exceed the coverage amount.

NOTE 13 - SUBSEQUENT EVENTS

Cancellation of Debt

In December 2022, the Trustee was made aware that the development was complete and all financial commitments had been received and fixed December 30, 2022 as the date on which the Trustee would make a final distribution of excess funds and any other amounts held by the Trustee in the Series 2004A accounts for such Series of Bonds under the Indenture, if any. On December 31, the Trustee made a pro rata distribution of interest on the Bonds in the total amount of \$226,340 which represented a portion of the accrued and unpaid interest for the period March 1, 2010 to present. Following application and distribution of funds on or about the Final Distribution Date as described above, the Trustee intends promptly to close its books and records with respect to the Bonds. Effective December 30, 2022, the Series 2004A Bonds with an outstanding principal balance of \$3,120,000 are deemed null, void, and worthless. There will be no future payments.

In December 2022, the Trustee was made aware that the development was complete and all financial commitments had been received and fixed December 30, 2022 as the date on which the Trustee would make a final distribution of excess funds and any other amounts held by the Trustee in the Series 2005 accounts for such Series of Bonds under the Indenture, if any. On December 31, the Trustee made a pro rata distribution of interest on the Bonds in the total amount of \$134,285 which represented a portion of the accrued and unpaid interest for the period March 1, 2010 to present. Following application and distribution of funds on or about the Final Distribution Date as described above, the Trustee intends promptly to close its books and records with respect to the Bonds. Effective December 30, 2022, the Series 2005 Bonds with an outstanding principal balance of \$1,800,000 are deemed null, void, and worthless. There will be no future payments.

In December 2022, the Trustee was made aware that the development was complete and all financial commitments had been received and fixed December 30, 2022 as the date on which the Trustee would make a final distribution of excess funds and any other amounts held by the Trustee in the Series 2007A and Series 2007B accounts for such Series of Bonds under the Indenture, if any. On December 31, the Trustee made a pro rata distribution of interest on the Bonds in the total amount of \$256,646 for the Series 2007A Bonds and \$236,148 for the Series 2007B Bonds which represented a portion of the accrued and unpaid interest for the period March 1, 2010 to present. Following application and distribution of funds on or about the Final Distribution Date as described above, the Trustee intends promptly to close its books and records with respect to the Bonds. Effective December 30, 2022, the Series 2007A Bonds with an outstanding principal balance of \$3,005,000 and the Series 2007B Bonds with an outstanding principal balance of \$2,765,000 are deemed null, void, and worthless. There will be no future payments.

NOTE 13 - SUBSEQUENT EVENTS (Continued)

Cancellation of Debt (Continued)

In December 2022, the Trustee was made aware that the development was complete and all financial commitments had been received and fixed December 30, 2022 as the date on which the Trustee would make a final distribution of excess funds and any other amounts held by the Trustee in the Series 2012B-2 accounts for such Series of Bonds under the Indenture, if any. On December 31, the Trustee made a pro rata distribution of interest on the Bonds in the total amount of \$100,623 which represented a portion of the accrued and unpaid interest for the period November 1, 2012 to present. Following application and distribution of funds on or about the Final Distribution Date as described above, the Trustee intends promptly to close its books and records with respect to the Bonds. Effective December 30, 2022, the Series 2012B-2 Bonds with an outstanding principal balance of \$1,470,000 are deemed null, void, and worthless. There will be no future payments.

Events of Default

Subsequent to fiscal year end, the District failed to make the May 1, 2023, scheduled principal payment on the Series 2014 Bonds. This is considered to be an event of default.

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,278,479	\$ 1,278,479	\$ 1,540,972	\$ 262,493
Interest Income	-	-	2,455	2,455
Miscellaneous Income	-	-	60,368	60,368
Total revenues	1,278,479	1,278,479	1,603,795	325,316
EXPENDITURES				
Current:				
General government	157,019	157,019	152,642	4,377
Physical environment	863,761	863,761	1,104,851	(241,090)
Culture and recreation	256,116	256,116	285,612	(29,496)
Capital Outlay	25,000	65,000	-	65,000
Total expenditures	1,301,896	1,341,896	1,543,105	(201,209)
Excess (deficiency) of revenues over (under) expenditures	(23,417)	(63,417)	60,690	124,107
OTHER FINANCING SOURCES				
Use of fund balance	23,417	63,417	-	(63,417)
Total other financing sources	23,417	63,417	-	(63,417)
Net change in fund balances	\$ -	\$ -	60,690	\$ 60,690
Fund balance - beginning			1,270,736	
Fund balance - ending			\$ 1,331,426	

See notes to required supplementary information

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures for the fiscal year ended September 30, 2022 exceeded appropriations by \$201,209. The over expenditures were funded by available fund balance.

**MEADOW POINTE IV COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
UNAUDITED**

Element	Comments
Number of district employees compensated at 9/30/2022	0
Number of independent contractors compensated in September 2022	8
Independent contractor compensation for FYE 9/30/2022	\$476,213.36
Construction projects to begin on or after October 1; (>\$65K)	0
Budget variance report	See page 27
Non ad valorem special assessments;	
Special assessment rate FYE 9/30/2022	Operations and maintenance SF 55' \$1,879.71 SF 70' \$1,879.71 SF 75' \$1,879.71 AA South \$1,879.71 I \$1,984.38 J \$1,953.06 K \$1,950.00 M \$1,930.44 TH \$1,879.71 Debt Service S2014A SF 55' \$900.00 Debt Service S2015 J \$538.48 K \$538.48 M \$646.17 Debt Service S2022A-1 SF 75' \$856.97 I \$419.34 Debt Service S2022A-2 SF 70' \$804.89 AA South \$644.02 TH \$393.86
Special assessments collected FYE 9/30/2022	\$2,554,259
Outstanding Bonds:	
Series 2004A, due November 1, 2036, \$3,120,000	See Note 6 for details
Series 2005B, due November 1, 2022, \$1,800,000	See Note 6 for details
Series 2007A, due May 1, 2038, \$3,005,000	See Note 6 for details
Series 2007B, due November 1, 2022, \$2,765,000	See Note 6 for details
Series 2012B-2, due November 1, 2022, \$1,470,000	See Note 6 for details
Series 2014A, due May 1, 2035, \$830,000	See Note 6 for details
Series 2015, due May 1, 2034, \$1,630,000	See Note 6 for details
Series 2022A-1, due May 1, 2036, \$1,295,000	See Note 6 for details
Series 2022A-2, due November 1, 2038, \$2,287,000	See Note 6 for details



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

To the Board of Supervisors
Meadow Pointe IV 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 Meadow Pointe IV Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our opinion thereon dated November 6, 2023, which includes which includes an adverse opinion on the special purpose entity component unit and a qualified opinion aggregate remaining fund information as to the departure from generally accepted accounting principles and an emphasis of matter paragraph.

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

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

Our consideration of internal control 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.

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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We noted another certain matters involving the internal control over financial reporting and compliance that we have reported to management of the District in a separate letter dated November 6, 2023.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Management Letter. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bhav & Associates

November 6, 2023



Grau & Associates
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Meadow Pointe IV Community Development District
Pasco County, Florida

We have examined Meadow Pointe IV Community Development District, Pasco County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2022. 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 specified requirements referenced in Section 218.415, Florida Statutes. 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 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.

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

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

This report 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, management, and the Board of Supervisors of Meadow Pointe IV Community Development District, Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

November 6, 2023



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Meadow Pointe IV Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Meadow Pointe IV Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated November 6, 2023, which includes which includes an adverse opinion on the special purpose entity component unit and a qualified opinion aggregate remaining fund information as to the departure from generally accepted accounting principles and an emphasis of matter paragraph.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated November 6, 2023, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Meadow Pointe IV Community Development District, Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Meadow Pointe IV Community Development District, Pasco County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

November 6, 2023

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2022-01 Failure to make Debt Service Payment when Due

Finding: The Series 2004, 2005, 2007 and 2012 Bonds require semiannual interest and principal payments per the Bond Indenture. In the current year and prior years, interest and principal were not paid on the bonds respectively. In prior years, debt service assessments were not being paid to the District due to landowner bankruptcies. Due to bond restructures in prior years, the special assessment liens on certain of the unexchanged bonds have been extinguished. As of September 30, 2022, the District remains not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Florida Statutes Section 218.503(1). Furthermore, in the current and subsequent fiscal years, certain debt service payments due on the Series 2014 Bonds were not paid, creating additional incidents of default.

Recommendation: We recommend that the District utilize all legal remedies available to collect delinquent assessments to bring debt service payments current.

Reference Number for Prior Year Finding: 13-01

Management Response: The Trustee, on behalf of the bondholders, created a Special Purpose Entity ("SPE") to own, manage and dispose of the land taken in lieu of foreclosure from three significant landowners of the District. The District, Trustee, and the SPE entered into a tri-party agreement whereby the SPE assumed responsibility for the prior year debt service assessments owed to the District related to the land owned by the SPE. In a prior year the bonds were restructured and portions of the Series 2004, 2005, and 2007 bonds were exchanged for Series 2012A-1 and A-2 bonds, the un-exchanged portions are still outstanding. As part of the restructure, the debt assessment lien has been transferred from the Series 2004, 2005 and 2007 bonds to the Series 2012 bonds. As a result of the restructure, there are no special assessments securing the Series 2004, 2005 and 2007 bonds. During the prior years a portion of the 2012B-2 bonds were exchanged for Series 2014A Bonds. Due to the lack of special assessment revenue to pay the un-exchanged portion of the bonds no principal or interest payments can be made. During a prior year, the SPE sold the remaining land to a developer. As the developer sells lots, funds are remitted to the trustee to pay principal and interest on the un-exchanged bonds. In December 2022, the Trustee made final distributions of funds for the S2004A, S2005, S2007A, S2007B and S2012B-2 bonds. Additionally, the S2004A, S2005, S2007A, S2007B and S2012B-2 bonds were deemed null, void and worthless. No future payments will be made on these bonds.

2022-02 Failure to Include Component Unit Financial Statement in the Financial Report

Finding: Generally accepted accounting principles require that the District include the financial statements of the Special Purpose Entity (SPE) in their audited financial report as a blended component unit. The SPE is not included as a component unit in the District's financial report. Due to the lack of control by the District and that the SPE's primary beneficiary is the Bondholders; the District's position is that the SPE is not a component unit of the District. We could not audit the records nor include them as a blended component unit in the District's government-wide financial statements.

Recommendation: We recommend that the District include the SPE as a blended component unit of the District's government-wide financial statements.

Reference Number for Prior Year Finding: 13-03

REPORT TO MANAGEMENT (Continued)

Management Response: District's management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit. The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE. In addition, the District will not benefit from the activities of the SPE. When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt. The District will not be responsible for any deficiency between the net proceeds of the sale and the associated Bond debt.

2022-03 Budget

Observation: Actual expenditures exceeded appropriations in the general fund for the fiscal year ended September 30, 2022.

Recommendation: The District should amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted.

Reference Number for Prior Year Finding: N/A

Management Response: The District's Board of Supervisors were unable to amend its budget for the fiscal year ended September 30, 2022 prior to the statutory deadline. The district will amend its budget for any future years in which actual expenditures exceed appropriations in the general fund.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

13-01 Failure to make Debt Service Payment when Due

Current Status: See finding no. 2022-01 above.

13-03 Failure to Include Component Unit Financial Statement in the Financial Report

Current Status: See finding no. 2022-02 above.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2021, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2022, except as noted above.

REPORT TO MANAGEMENT (Continued)

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2022, except as noted above.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. In connection with our audit, we determined that the District has met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes. The District failed to make certain scheduled debt service payments due as a result of a lack of funds - see Findings section above for additional information. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and determined that a deteriorating financial condition was noted. It is management's responsibility to monitor financial condition, and our condition assessment was based in part on representations made by management and the review of financial information provided by the same. Subsequent to the end of the current fiscal year, certain delinquent debt obligations were cancelled – see Note 13 for additional information.
6. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 29.