

**VillaMar
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2022

VillaMar Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2022

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Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
VillaMar Community Development District
Winter Haven, Florida

Report on Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of VillaMar Community Development District as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

To the Board of Supervisors
VillaMar Community Development District

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 one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility 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 opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 judgement, 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.

To the Board of Supervisors
VillaMar Community Development District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is 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 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 VillaMar Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 28, 2023

**VillaMar Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Management's discussion and analysis of VillaMar Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment, culture/recreation and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**VillaMar Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including buildings and improvements, and infrastructure are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2022.

- ◆ The District's total assets exceeded total liabilities by \$3,909,901 (net position). Net investment in capital assets was \$3,756,901. Restricted net position was \$99,960 and unrestricted net position was \$53,040.
- ◆ Governmental activities revenues totaled \$4,618,443 while governmental activities expenses and conveyances totaled \$3,424,942.

**VillaMar Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities	
	2022	2021
Current assets	\$ 476,616	\$ 3,082,518
Restricted assets	1,410,491	1,966,389
Capital assets	23,477,143	17,247,055
Total Assets	25,364,250	22,295,962
Current liabilities	1,288,669	4,730,363
Non-current liabilities	20,165,680	14,849,199
Total Liabilities	21,454,349	19,579,562
Net Position		
Net investment in capital assets	3,756,901	2,566,547
Restricted	99,960	227,262
Unrestricted	53,040	(77,409)
Total Net Position	\$ 3,909,901	\$ 2,716,400

The decrease in current assets is related to the decrease in due from developer in the current year.

The decrease in restricted assets and the increase in capital assets is related to the issuance of long-term debt and the associated capital project in the current year.

The decrease in current liabilities is related to the decrease in contracts/retainage payable in the current year.

The increase in non-current liabilities is related to the issuance of long-term debt in the current year.

The increase in net position is the result of revenues exceeding expenses in the current year.

**VillaMar Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

Change In Net Position

	Governmental Activities	
	2022	2021
Program Revenues		
Charges for services	\$ 1,414,858	\$ 977,599
Operating contributions	6,988	23,424
Capital contributions	3,191,610	1,280,676
General Revenues		
Miscellaneous revenues	28	-
Investment earnings	4,959	214
Total Revenues	<u>4,618,443</u>	<u>2,281,913</u>
Expenses		
General government	126,855	141,983
Physical environment	416,064	134,486
Culture/recreation	71,442	31,868
Interest and other charges	1,045,549	836,306
Total Expenses	<u>1,659,910</u>	<u>1,144,643</u>
Conveyance of capital assets	<u>(1,765,032)</u>	<u>-</u>
Change in Net Position	1,193,501	1,137,270
Net Position - Beginning of Period	<u>2,716,400</u>	<u>1,579,130</u>
Net Position - End of Period	<u>\$ 3,909,901</u>	<u>\$ 2,716,400</u>

The increase in capital contributions is related to the capital project activity in the current year.

The decrease in general government is related to the decrease in boundary amendment and legal advertising expenses in the current year.

The increase in physical environment is related to the increase in depreciation in the current year.

The increase in interest and other charges is related to the cost of issuance in the current year.

**VillaMar Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2022 and 2021:

Description	Governmental Activities	
	2022	2021
Construction in progress	\$ 17,167,950	\$ 17,200,687
Buildings and improvements	503,609	-
Improvements other than buildings	1,918,512	-
Infrastructure	4,000,097	-
Equipment	106,368	46,368
Accumulated depreciation	(219,393)	-
Total	<u>\$ 23,477,143</u>	<u>\$ 17,247,055</u>

Capital asset activity for the year consisted of additions to construction in progress of \$8,154,513, improvements other than buildings of \$1,918,512, buildings and improvements, \$503,609, infrastructure of \$4,000,097, and equipment of \$60,000. Depreciation was \$219,393, and transfers from construction in progress were \$8,187,250.

General Fund Budgetary Highlights

Actual expenditures exceeded the final budget in the current year because a financed purchase was initiated in the current year.

The September 30, 2022 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

In June 2019, the District issued \$7,180,000 Special Assessment Bonds, Series 2019. These bonds were issued to finance a portion of the cost of the planning, financing, acquisition, construction, installation, and equipping of the Series 2019 Project. The balance outstanding on the Series 2019 Bonds at September 30, 2022 was \$6,230,000.

In November 2020, the District issued \$6,500,000 Special Assessment Bonds, Series 2020. These bonds were issued to finance a portion of the cost of the planning, financing, acquisition, construction, installation, and equipping of the Series 2020 Project. The balance outstanding on the Series 2020 Bonds at September 30, 2022 was \$6,375,000.

**VillaMar Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

In February 2022, the District issued \$3,040,000 Special Assessment Bonds, Series 2022 (Phase 3 Project). These bonds were issued to finance a portion of the cost of the planning, financing, acquisition, construction, installation, and equipping of the Phase 3 Project. The balance outstanding on the Series 2022 Bonds(Phase 3) at September 30, 2022 was \$3,040,000.

In February 2022, the District issued \$4,295,000 Special Assessment Bonds, Series 2022 (Phase 4 Project). These bonds were issued to finance a portion of the cost of the planning, financing, acquisition, construction, installation, and equipping of the Phase 4 Project. The balance outstanding on the Series 2022 Bonds(Phase 4) at September 30, 2022 was \$4,295,000.

During the fiscal year ended September 30, 2022, the Developer advanced the District \$1,186,614 to fund certain capital project expenditures. The Developer will be repaid from the proceeds of a future long-term debt issuance. The balance outstanding on the Developer Advance at September 30, 2022 was \$578,098.

Economic Factors and Next Year's Budget

VillaMar Community Development District will continue with capital projects. In addition VillaMar Community Development District issued \$7,940,000 Special Assessment Bonds, Series 2023 in May 2023. The District cannot anticipate the effect of the financial position or results of operations of the District in fiscal year 2023.

Request for Information

The financial report is designed to provide a general overview of VillaMar Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the VillaMar Community Development District's Finance Department at Government Management Services, LLC, 5385 North Nob Hill Road, Sunrise, Florida 33351.

VillaMar Community Development District
STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 54,874
Assessments receivable	172,756
Due from developer	224,262
Prepaid expenses	24,724
Total Current Assets	476,616
Non-Current Assets	
Restricted Assets	
Investments	1,410,491
Capital Assets, Not Being Depreciated	
Construction in progress	17,167,950
Capital Assets, Being Depreciated	
Buildings and improvements	503,609
Improvements other than buildings	1,918,512
Infrastructure	4,000,097
Equipment	106,368
Accumulated depreciation	(219,393)
Total Non-Current Assets	24,887,634
Total Assets	25,364,250
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	29,570
Contracts/retainage payable	450,438
Bonds payable	425,000
Financed purchase	15,921
Accrued interest	367,740
Total Current Liabilities	1,288,669
Non-Current Liabilities	
Bonds payable, net	19,508,503
Developer advance	578,098
Financed purchase	79,079
Total Non-current Liabilities	20,165,680
Total Liabilities	21,454,349
 NET POSITION	
Net investment in capital assets	3,756,901
Restricted for debt service	99,960
Unrestricted	53,040
Total Net Position	\$ 3,909,901

See accompanying notes to financial statements.

VillaMar Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Change in Net Position
					Governmental Activities
Governmental Activities					
General government	\$ (126,855)	\$ 144,235	\$ 2,244	\$ -	\$ 19,624
Physical environment	(416,064)	248,818	3,871	3,191,610	3,028,235
Culture/recreation	(71,442)	56,112	873	-	(14,457)
Interest and other charges	(1,045,549)	965,693	-	-	(79,856)
Total Governmental Activities	<u>\$ (1,659,910)</u>	<u>\$ 1,414,858</u>	<u>\$ 6,988</u>	<u>\$ 3,191,610</u>	<u>2,953,546</u>
General Revenues					
					28
					4,959
					<u>4,987</u>
					(1,765,032)
					1,193,501
					<u>2,716,400</u>
					<u>\$ 3,909,901</u>

See accompanying notes to financial statements.

VillaMar Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 53,909	\$ -	\$ 965	\$ 54,874
Assessments receivable	424	172,332	-	172,756
Due from developer	3,553	-	220,709	224,262
Prepaid expenses	24,724	-	-	24,724
Restricted assets				
Investments, at fair value	-	1,124,960	285,531	1,410,491
Total Assets	\$ 82,610	\$ 1,297,292	\$ 507,205	\$ 1,887,107
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 29,570	\$ -	\$ -	\$ 29,570
Contracts and retainage payable	-	-	450,438	450,438
Total Liabilities	29,570	-	450,438	480,008
 FUND BALANCES				
Nonspendable-prepaid expenses	24,724	-	-	24,724
Restricted:				
Debt service	-	1,297,292	-	1,297,292
Capital projects	-	-	56,767	56,767
Unassigned	28,316	-	-	28,316
Total Fund Balances	53,040	1,297,292	56,767	1,407,099
 Total Liabilities and Fund Balances	\$ 82,610	\$ 1,297,292	\$ 507,205	\$ 1,887,107

See accompanying notes to financial statements.

VillaMar Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2022

Total Governmental Fund Balances	\$ 1,407,099
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress, \$17,167,950, buildings and improvements, \$503,609, infrastructure, \$4,000,097, improvements other than buildings, \$1,918,512, and equipment, \$106,368, net of accumulated depreciation, \$(219,393), used in governmental activities are not current financial resources, and therefore, are not reported at the fund level.	23,477,143
Long-term liabilities, bonds payable, \$(19,940,000), net of bond discount, net, \$6,497, developer advance, \$(578,098) and financed purchase, \$(95,000), are not due and payable in the current period, and therefore, are not reported at the fund level.	(20,606,601)
Accrued interest expense for long-term debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(367,740)</u>
Net Position of Governmental Activities	<u><u>\$ 3,909,901</u></u>

See accompanying notes to financial statements.

VillaMar Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Special assessments	\$ 449,165	\$ 965,693	\$ -	\$ 1,414,858
Developer contributions	6,988	-	3,191,610	3,198,598
Miscellaneous revenues	28	-	-	28
Investment income	-	3,767	1,192	4,959
Total Revenues	<u>456,181</u>	<u>969,460</u>	<u>3,192,802</u>	<u>4,618,443</u>
EXPENDITURES				
Current				
General government	126,820	-	35	126,855
Physical environment	218,776	-	-	218,776
Culture/recreation	49,337	-	-	49,337
Capital outlay	60,000	-	8,154,513	8,214,513
Debt service				
Principal	7,468	255,000	2,804,447	3,066,915
Interest	5,478	536,919	-	542,397
Other	-	-	359,091	359,091
Total Expenditures	<u>467,879</u>	<u>791,919</u>	<u>11,318,086</u>	<u>12,577,884</u>
Excess of revenues over/(under) expenditures	<u>(11,698)</u>	<u>177,541</u>	<u>(8,125,284)</u>	<u>(7,959,441)</u>
OTHER FINANCING SOURCES/(USES)				
Issuance of long-term debt	-	441,866	8,079,748	8,521,614
Initiate financed purchase	60,000	-	-	60,000
Transfer in	-	-	184,450	184,450
Transfer out	-	(184,450)	-	(184,450)
Total Other Financing Sources/(Uses)	<u>60,000</u>	<u>257,416</u>	<u>8,264,198</u>	<u>8,581,614</u>
Net Change in Fund Balance	48,302	434,957	138,914	622,173
Fund Balances - October 1, 2021	<u>4,738</u>	<u>862,335</u>	<u>(82,147)</u>	<u>784,926</u>
Fund Balances - September 30, 2022	<u>\$ 53,040</u>	<u>\$ 1,297,292</u>	<u>\$ 56,767</u>	<u>\$ 1,407,099</u>

See accompanying notes to financial statements.

VillaMar Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 622,173
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount that capital outlay, \$8,214,513 exceeds depreciation, \$(219,393), in the current period.	7,995,120
Repayment of principal is an expenditure at the fund level, but the repayment reduces long-term liabilities at the government-wide level.	3,066,915
The issuance of long-term debt, \$(8,521,614), and financed purchase, \$(60,000), are recognized as other financing sources at the fund level, however, they increase liabilities at the government-wide level.	(8,581,614)
Governmental funds report bond discounts as expenditures. However, in the Statement of Activities, the cost is allocated as amortization expense.	(235)
The conveyance of capital assets to another entity does not use current resources, and therefore, is not recognized at the fund level.	(1,765,032)
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in the governmental funds, interest expenditures are reported when due. This is the change in accrued interest in the current period.	<u>(143,826)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,193,501</u></u>

See accompanying notes to financial statements.

VillaMar Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 448,445	\$ 448,445	\$ 449,165	\$ 720
Developer contributions	-	-	6,988	6,988
Miscellaneous revenues	-	-	28	28
Total Revenues	<u>448,445</u>	<u>448,445</u>	<u>456,181</u>	<u>7,736</u>
Expenditures				
Current				
General government	140,725	140,725	126,820	13,905
Physical environment	249,900	249,900	218,776	31,124
Culture/recreation	57,820	57,820	49,337	8,483
Capital outlay	-	-	60,000	(60,000)
Debt service				
Principal	-	-	7,468	(7,468)
Interest	-	-	5,478	(5,478)
Total Expenditures	<u>448,445</u>	<u>448,445</u>	<u>467,879</u>	<u>(19,434)</u>
Revenues over/(under) Expenditures	<u>-</u>	<u>-</u>	<u>(11,698)</u>	<u>(11,698)</u>
Other Financing Sources/(Uses)				
Initiate financed purchase	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Net Change in Fund Balances	-	-	48,302	48,302
Fund Balances - October 1, 2021	<u>-</u>	<u>-</u>	<u>4,738</u>	<u>4,738</u>
Fund Balances - September 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,040</u>	<u>\$ 53,040</u>

See accompanying notes to financial statements.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established on November 30, 2018, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, and City of Winter Haven Ordinance 018-70, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the VillaMar Community Development District. The District is governed by a Board of Supervisors who are elected by the landowners of the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the VillaMar Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments and developer contributions. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District reports fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – The Debt Service Fund accounts for debt service requirements to retire the Special Assessment Revenue Bonds issued to finance a portion of the cost of acquisition, construction, installation, and equipping of District projects.

Capital Projects Fund – The Capital Projects Fund accounts for acquisition and construction of infrastructure improvements located within the boundaries of the District.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as construction in progress, and non-current governmental liabilities, such as general obligation bonds be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash and cash equivalents include time deposits, certificates of deposit, money market funds, and all highly liquid debt instruments with original maturities of three months or less.

b. Capital Assets

Capital assets, which includes construction in progress, buildings and improvements, improvements other buildings, infrastructure, and equipment, is reported in the applicable governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The valuation basis for all assets is historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method.

Equipment	5-20 years
Buildings and improvements	30 years
Infrastructure	30 years
Improvements other than buildings	30 years

c. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

d. Bond Discounts

Bond discounts are amortized over the life of the bonds.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$1,407,099, differs from “net position” of governmental activities, \$3,909,901, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below:

Capital related items

When capital assets (infrastructure that is to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Construction in progress	\$ 17,167,950
Buildings and improvements	503,609
Improvements other than buildings	1,918,512
Infrastructure	4,000,097
Equipment	106,368
Accumulated depreciation	<u>(219,393)</u>
Total	<u>\$ 23,477,143</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2022 were:

Bonds payable	<u>\$ (19,940,000)</u>
Bond discount, net	<u>\$ 6,497</u>
Developer advance	<u>\$ (578,098)</u>
Financed purchase	<u>\$ (95,000)</u>

Accrued interest

Accrued liabilities in the statement of net position differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest on bonds payable	<u>\$ (367,740)</u>
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VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$622,173, differs from the “change in net position” for governmental activities, \$1,193,501, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below:

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position increases by the amount of capital outlay for the year.

Capital outlay	\$ 8,214,513
Depreciation	<u>(219,393)</u>
Total	<u>\$ 7,995,120</u>

Long-term debt transactions

When long-term debt is issued for governmental activities, the resources obtained are recognized as an other financing source at the fund level. At the government-wide level, however, the new debt increases non-current liabilities. Also, interest is recognized when due at the fund level, but is accrued at the government-wide level.

Issuance of long-term debt	<u>\$ (8,521,614)</u>
Initiation of financed purchase	<u>\$ (60,000)</u>
Principal payments on long-term debt	<u>\$ 3,066,915</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Bond discount amortization	<u>\$ (235)</u>
Change in accrued interest	<u>\$ (143,826)</u>

Conveyance of capital assets

The conveyance of capital assets does not use current resources and is not recognized at the fund level.

Conveyance	<u>\$ (1,765,032)</u>
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VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2022, the District's bank balance was \$138,791 and the carrying value was \$54,874. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investment	Maturities	Fair Value
First American Treasury Obligation	9 days*	\$ 1,410,491

* Weighted Average Maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investment listed above is a Level 1 asset.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the District follows Section 218.415, Florida Statutes for their investments.

Credit Risk

The District's investments in treasury funds, money markets, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. The District's investments in government loans are limited by state statutory requirements and bond compliance. As of September 30, 2022, the District's investments in the First American Treasury Obligation were rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in the First American Treasury Obligation represents 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2022 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – CAPITAL ASSETS

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

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 17,200,687	\$ 8,154,513	\$ (8,187,250)	\$ 17,167,950
Capital assets, being depreciated:				
Buildings and improvements	-	503,609	-	503,609
Improvements other than buildings	-	1,918,512	-	1,918,512
Infrastructure	-	4,000,097	-	4,000,097
Equipment	46,368	60,000	-	106,368
Accumulated depreciation	-	(219,393)	-	(219,393)
Capital assets, being depreciated, net	46,368	6,262,825	-	6,309,193
Total Capital Assets, net	<u>\$ 17,247,055</u>	<u>\$ 14,417,338</u>	<u>\$ (8,187,250)</u>	<u>\$ 23,477,143</u>

Depreciation of \$197,288 was charged to physical environment and \$22,105 to culture/recreation.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – BONDS PAYABLE

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2022:

Bonds Payable at October 1, 2021	\$	15,055,931
Issuance of bonds payable		8,521,614
Principal payments		<u>(3,059,447)</u>
Long-term debt at September 30, 2022	\$	20,518,098
Less: Bond discount		<u>(6,497)</u>
Bonds Payable, net, September 30, 2022	\$	<u><u>20,511,601</u></u>

Bonds Payable for Governmental Activities is comprised of the following:

Special Assessment Bonds

In June 2019, the District issued \$7,180,000 Special Assessment Bonds, Series 2019, due in annual principal installments beginning May 2021, maturing May 2050. Interest is due semi-annually on May 1 and November 1, beginning November 2019, at a rate of 3.75% on the \$510,000 bonds, with a maturity date of May 1, 2024, 4.00% on the \$750,000 bonds, with a maturity date of May 1, 2029, 4.625% on the \$2,105,000 bonds, with a maturity date of May 1, 2039, and 4.87% on the \$3,815,000 bonds, with a maturity date of May 1, 2050. Current portion is \$115,000.

\$ 6,230,000

In November 2020, the District issued \$6,500,000 Special Assessment Bonds, Series 2020, due in annual principal installments beginning May 2021, maturing May 2051. Interest is due semi-annually on May 1 and November 1, beginning May 2021, at a rate of 2.625% on the \$525,000 bonds, with a maturity date of May 1, 2025, 3.2% on the \$750,000 bonds, with a maturity date of May 1, 2030, 3.75% on the \$1,965,000 bonds, with a maturity date of May 1, 2040, and 4% on the \$3,260,000 bonds, with a maturity date of May 1, 2051. Current portion is \$130,000.

\$ 6,375,000

In February 2022, the District issued \$3,040,000 Special Assessment Bonds, Series 2022(Phase 3), due in annual principal installments beginning November 2022, maturing November 2051. Interest is due semi-annually on May 1 and November 1, beginning November 2022, at a rate of 3.125% on the \$415,000 bonds, with a maturity date of November 1, 2027, 3.5% on the \$370,000 bonds, with a maturity date of November 1, 2032, 4.00% on the \$2,255,000 bonds, with a maturity date of November 1, 2051. Current portion is \$100,000.

\$ 3,040,000

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – BONDS PAYABLE (CONTINUED)

Special Assessment Bonds (Continued)

In February 2022, the District issued \$4,295,000 Special Assessment Bonds, Series 2022(Phase 4), due in annual principal installments beginning May 2023, maturing May 2052. Interest is due semi-annually on May 1 and November 1, beginning November 2022 at a rate of 3.250% on the \$425,000 bonds, with a maturity date of May 1, 2027, 3.625% on the \$505,000 bonds, with a maturity date of May 1, 2032, 4.000% on the \$1,340,000 bonds, with a maturity date of May 1, 2042, and 4.125% on the \$2,025,000 bonds, with a maturity date of May 1, 2052. Current portion is \$80,000.

\$ 4,295,000

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2022 are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 425,000	\$ 845,629	\$ 1,270,629
2024	395,000	798,719	1,193,719
2025	405,000	786,119	1,191,119
2026	425,000	772,778	1,197,778
2027	435,000	758,142	1,193,142
2028-2032	2,420,000	3,552,283	5,972,283
2033-2037	2,945,000	3,031,694	5,976,694
2038-2042	3,630,000	2,366,769	5,996,769
2043-2047	4,495,000	1,517,206	6,012,206
2048-2052	4,365,000	471,250	4,836,250
Totals	<u>\$ 19,940,000</u>	<u>\$ 14,900,589</u>	<u>\$ 34,840,589</u>

Significant Bond Provisions

The Series 2019 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time on or after May 1, 2029 at a redemption price equal to the principal amount of the Series 2019 Bonds to be redeemed, together with accrued interest to the date of redemption. The Series 2019 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Series 2020 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time on or after May 1, 2030 at a redemption price equal to the principal amount of the Series 2020 Bonds to be redeemed, together with accrued interest to the date of redemption. The Series 2020 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – BONDS PAYABLE (CONTINUED)

The Series 2022 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time on or after May 1, 2032 at a redemption price equal to the principal amount of the Series 2022 Bonds to be redeemed, together with accrued interest to the date of redemption. The Series 2022 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Trust Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Fund – The 2019 Reserve Account is funded from the proceeds of the Series 2019 Bonds and is an amount equal to 50% of the maximum annual debt service requirement for all outstanding Series 2019 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The 2020 Reserve Account is funded from the proceeds of the Series 2020 Bonds and initially is an amount equal to the maximum annual debt service requirement for all outstanding Series 2020 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The 2022 Reserve Accounts are funded from the proceeds of the Series 2022 Bonds and initially is an amount equal to 50% of the maximum annual debt service requirement for all outstanding Series 2022 Bonds.

	Reserve Balance	Reserve Requirement
Special Assessment Bonds, Series 2019	\$ 203,276	\$ 202,648
Special Assessment Bonds, Series 2020	\$ 184,450	\$ 184,450
Special Assessment Bonds, Series 2022, Phase 3	\$ 87,200	\$ 87,200
Special Assessment Bonds, Series 2022, Phase 4	\$ 249,825	\$ 249,747

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE F – DEVELOPER ADVANCE

In the current year, the Developer advanced the District a total of \$1,186,614 to fund certain construction expenditures prior to the issuance of additional Bonds. Upon issuance of the Series 2022 Bonds, the District reimbursed the Developer \$2,804,447. Developer advance was \$578,098 as of September 30, 2022.

NOTE G – FINANCED PURCHASE

The District entered into a financed purchase agreement for fitness equipment during the year ended September 30, 2021. The total acquisition cost of the equipment was \$46,368. The term of the financed purchase is from February 1, 2021 to February 1, 2026 and is payable in monthly installments of \$1,079.

The District entered into a financed purchase agreement for pool equipment during the year ended September 30, 2022. The total acquisition cost of the equipment was \$60,000. The term of the financed purchase is from February 1, 2022 to November 1, 2027 and is payable in monthly installments of \$1,396.

The annual requirements to amortize the principal and interest of the financed purchases as of September 30, 2022 were as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 15,921	\$ 16,586	\$ 32,507
2024	19,872	9,828	29,700
2025	22,839	6,859	29,698
2026	18,430	3,719	22,149
2027	15,192	1,561	16,753
2028	2,746	47	2,793
	<u>\$ 95,000</u>	<u>\$ 38,600</u>	<u>\$ 133,600</u>

NOTE H – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2022, consisted for the following:

Transfers In	Transfers Out
Capital Projects Fund	Debt Service Fund
	<u>\$ 184,450</u>

Interfund transfers are in accordance with the Series 2020 Trust Indenture.

VillaMar Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE I – ECONOMIC DEPENDENCY

The Developer owns a significant portion of land within the District. 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. At September 30, 2022, all board members are affiliated with the Developer.

NOTE J – 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 for which the government carries commercial insurance. The District has not filed any claims under this commercial coverage in the last three years.

NOTE K – SUBSEQUENT EVENTS

In May 2023, the District issued \$7,940,000 Special Assessment Bonds, Series 2023 to finance all or a portion of the costs of the planning, financing, acquisition, construction, equipping, and installation of the Series 2023 Project.

The District made prepayments on the Series 2019 Bonds in November 2022 of \$20,000 and on the Series 2022 (Phase 3) Bonds in May 2023 of \$50,000.

In November 2022, the City of Winter Haven, Florida, amended the boundaries of the VillaMar Community Development District, with Ordinance No. O-22-68, resulting in an expansion of approximately 148.16 acres to a total of 583.79.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

To the Board of Supervisors
VillaMar Community Development District
Winter Haven, 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, as listed in the table of contents, of VillaMar Community Development District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated September 28, 2023.

Report on Internal Control Over Financial Reporting

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

To the Board of Supervisors
VillaMar Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether VillaMar Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 28, 2023



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

MANAGEMENT LETTER

To the Board of Supervisors
VillaMar Community Development District
Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of the VillaMar Community Development District as of and for the year ended September 30, 2022, and have issued our report thereon dated September 28, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 28, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

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

To the Board of Supervisors
VillaMar Community Development District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for VillaMar Community Development District. It is management's responsibility to monitor the VillaMar Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2022.

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

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

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

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 17
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$0
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$8,921,013
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2021, together with the total expenditures for such project: Series 2022 A3, \$2,661,401, and Series 2022 A4, \$3,958,682.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was not amended.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the VillaMar Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: The General Fund, \$148 - \$707, the Debt Service Fund, \$1,304 - \$1,452.
- 2) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$1,414,858.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2019 Bonds, \$6,230,000, maturing May 2050, Series 2020 Bonds, \$6,375,000, maturing May 2051, Series 2022 A3, \$3,040,000 maturing November 2051 and Series 2022 A4, \$4,295,000, maturing May 2052.

To the Board of Supervisors
VillaMar Community Development District

Additional Matters

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

Purpose of this Letter

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

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 28, 2023



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
VillaMar Community Development District
Winter Haven, Florida

We have examined VillaMar Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management is responsible for VillaMar Community Development District's compliance with those requirements. Our responsibility is to express an opinion on VillaMar Community Development 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 and, accordingly, included examining, on a test basis, evidence about VillaMar Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on VillaMar Community Development District's compliance with the specified requirements.

In our opinion, VillaMar Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 28, 2023