

**Capital Region
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2024

Capital Region Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2024

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Capital Region Community Development District
Leon County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Capital Region Community Development District (the "District"), as of and for the year ended September 30, 2024, 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 Capital Region Community Development District as of September 30, 2024, 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 (*Government Auditing Standards*). 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
Capital Region 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 would influence the judgment made by a reasonable user based on the 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
Capital Region 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 January 6, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations 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 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 Capital Region Community Development District's internal control over financial reporting and compliance.

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

January 6, 2025

**Capital Region Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

Management's discussion and analysis of Capital Region Community Development District (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.

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 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.

**Capital Region Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

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 capital assets, are reported in the **statement of net position**. All liabilities, such as principal outstanding on bonds are included. In the **statement of activities**, 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 capital improvement revenue bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliation is 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 and investments of the District 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, 2024.

- ◆ The District's total liabilities exceeded total assets and deferred outflows of resources by \$(5,120,942) (net position). Restricted net position was \$331,535 and net investment in capital assets was \$8,959,972. Unrestricted net position was \$(14,412,449).
- ◆ Governmental activities revenues totaled \$5,945,074 while governmental activities expenses totaled \$3,735,602.

**Capital Region Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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	
	2024	2023
Current assets	\$ 1,386,623	\$ 1,242,827
Restricted assets	1,390,101	1,985,712
Capital assets	13,548,277	14,097,436
Total Assets	<u>16,325,001</u>	<u>17,325,975</u>
Deferred outflows of resources	<u>105,123</u>	<u>121,091</u>
Current liabilities	2,037,099	2,094,244
Non-current liabilities	19,513,967	22,683,236
Total Liabilities	<u>21,551,066</u>	<u>24,777,480</u>
Net Position		
Net investment in capital assets	8,959,972	8,829,829
Restricted net position	331,535	393,945
Unrestricted	<u>(14,412,449)</u>	<u>(16,554,188)</u>
Total Net Position	<u>\$ (5,120,942)</u>	<u>\$ (7,330,414)</u>

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

The decrease in restricted assets is mainly related to the Series 2013 Bond reissuance in the current year.

The decrease in capital assets is related to depreciation recorded in the current year.

The decrease in current liabilities is due to the decrease in accrued interest in the current year.

The decrease in non-current liabilities is related to the bond principal payments in the current year.

The increase in net position is related to revenues exceeding expenses in the current year.

**Capital Region Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (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	
	2024	2023
Program Revenues		
Charges for services	\$ 5,733,073	\$ 4,714,837
General revenues		
Miscellaneous revenues	940	500
Investment income	211,061	130,505
Total Revenues	<u>5,945,074</u>	<u>4,845,842</u>
Expenses		
General government	156,103	154,688
Physical environment	2,346,106	2,147,734
Interest and other charges	1,233,393	1,247,879
Total Expenses	<u>3,735,602</u>	<u>3,550,301</u>
Change in Net Position	2,209,472	1,295,541
Net Position - Beginning of Year	<u>(7,330,414)</u>	<u>(8,625,955)</u>
Net Position - End of Year	<u>\$ (5,120,942)</u>	<u>\$ (7,330,414)</u>

The increase in charges for services primarily relates to a prepayment made on debt service assessments in the current year.

The increase in physical environment is related to the increase in landscape maintenance and other repair and maintenance expenses in the current year.

**Capital Region Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

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, 2024 and 2023.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Buildings and improvements	\$ 2,312,098	\$ 2,312,098
Infrastructure	20,626,284	20,619,188
Accumulated depreciation	(9,390,105)	(8,840,946)
Total Capital Assets (Net)	<u>\$ 13,548,277</u>	<u>\$ 14,090,340</u>

The activity for the year consisted of depreciation of \$549,159.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily due to less engineering, capital outlay, and tree trimming and clean-up expenditures than anticipated.

The September 30, 2024 budget was amended for repairs and maintenance and tree trimming and clean-up expenditures that were more than originally anticipated.

Debt Management

Governmental Activities debt includes the following:

- ◆ In December 2013, the District issued \$9,855,000 Series 2013 Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund the Series 2002A Capital Improvement Revenue Bonds. As of September 30, 2024, the balance outstanding was \$4,805,000.
- ◆ In March 2018, the District issued \$16,935,000 Series 2018A-1 Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund the Series 2008A Capital Improvement Revenue Bonds. As of September 30, 2024, the balance outstanding was \$12,680,000.
- ◆ In March 2018, the District issued \$2,675,000 Series 2018A-2 Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund the Series 2011A-2 Capital Improvement Revenue Refunding Bonds. As of September 30, 2024, the balance outstanding was \$1,585,000.
- ◆ In March 2021, the District issued \$2,800,000 Series 2021 Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund the Series 2011A-1 Capital Improvement Revenue Refunding Bonds. As of September 30, 2024, the balance outstanding was \$2,035,000.

**Capital Region Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Capital Region Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2025.

Request for Information

The financial report is designed to provide a general overview of Capital Region 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 Capital Region Community Development District, Governmental Management Services, 475 West Town Place, Suite 114, St. Augustine, Florida 32092.

Capital Region Community Development District
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 135,936
Investments	1,131,196
Prepaid expenses	39,491
Deposits	80,000
Total Current Assets	<u>1,386,623</u>
Non-current Assets	
Restricted assets	
Investments	1,390,101
Capital assets, being depreciated	
Infrastructure	20,626,284
Buildings and improvements	2,312,098
Accumulated depreciation	<u>(9,390,105)</u>
Total Non-current Assets	<u>14,938,378</u>
Total Assets	<u>16,325,001</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding, net	<u>105,123</u>
 LIABILITIES	
Current Liabilities	
Accounts payable	18,725
Bonds payable	1,585,000
Accrued interest	433,374
Total Current Liabilities	<u>2,037,099</u>
Non-Current Liabilities	
Bonds payable, net	<u>19,513,967</u>
Total Liabilities	<u>21,551,066</u>
 NET POSITION	
Net investment in capital assets	8,959,972
Restricted for debt service	331,535
Unrestricted	<u>(14,412,449)</u>
Total Net Position	<u><u>\$ (5,120,942)</u></u>

See accompanying notes to financial statements.

Capital Region Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position Governmental Activities
Governmental Activities			
General government	\$ (156,103)	\$ 161,594	\$ 5,491
Physical environment	(2,346,106)	1,864,641	(481,465)
Interest and other charges	(1,233,393)	3,706,838	2,473,445
Total Governmental Activities	<u>\$ (3,735,602)</u>	<u>\$ 5,733,073</u>	<u>1,997,471</u>
General Revenues			
			940
			211,061
			<u>212,001</u>
			2,209,472
			<u>(7,330,414)</u>
			<u>\$ (5,120,942)</u>

See accompanying notes to financial statements.

Capital Region Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 135,466	\$ -	\$ 470	\$ 135,936
Investments	662,446	-	468,750	1,131,196
Due from other funds	-	110,846	-	110,846
Prepaid expenses	39,491	-	-	39,491
Deposits	-	-	80,000	80,000
Restricted Assets				
Investments	-	1,390,101	-	1,390,101
Total Assets	<u>\$ 837,403</u>	<u>\$ 1,500,947</u>	<u>\$ 549,220</u>	<u>\$ 2,887,570</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 18,725	\$ -	\$ -	\$ 18,725
Due to other funds	110,846	-	-	110,846
Total Liabilities	<u>129,571</u>	<u>-</u>	<u>-</u>	<u>129,571</u>
FUND BALANCES				
Nonspendable-prepaid expenses / deposits	39,491	-	80,000	119,491
Restricted:				
Debt service	-	1,500,947	-	1,500,947
Assigned capital projects	-	-	469,220	469,220
Unassigned	668,341	-	-	668,341
Total Fund Balances	<u>707,832</u>	<u>1,500,947</u>	<u>549,220</u>	<u>2,757,999</u>
Total Liabilities and Fund Balances	<u>\$ 837,403</u>	<u>\$ 1,500,947</u>	<u>\$ 549,220</u>	<u>\$ 2,887,570</u>

See accompanying notes to financial statements.

Capital Region Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total Governmental Fund Balances	\$ 2,757,999
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, buildings and improvements, \$2,312,098, and infrastructure, \$20,626,284, net of accumulated depreciation, \$(9,390,105), used in governmental activities are not current financial resources, and therefore, are not reported at the fund level.	13,548,277
Deferred outflow of resources are not current financial resources and therefore, are not reported at the fund level.	105,123
Long-term liabilities, bonds payable, \$(21,105,000), and bond premium, net, \$(2,255), net of bond discount, net, \$8,288, are not due and payable in the current period, and therefore, are not reported at the fund level.	(21,098,967)
Accrued interest expense for long-term debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(433,374)</u>
Net Position of Governmental Activities	<u><u>\$ (5,120,942)</u></u>

See accompanying notes to financial statements.

Capital Region Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 2,026,235	\$ 3,706,838	\$ -	\$ 5,733,073
Miscellaneous revenues	940	-	-	940
Investment income	56,580	134,231	20,250	211,061
Total Revenues	<u>2,083,755</u>	<u>3,841,069</u>	<u>20,250</u>	<u>5,945,074</u>
Expenditures				
Current				
General government	155,727	-	376	156,103
Physical environment	1,796,947	-	-	1,796,947
Debt service				
Principal	-	3,165,000	-	3,165,000
Interest	-	1,207,222	-	1,207,222
Other	-	73,825	-	73,825
Total Expenditures	<u>1,952,674</u>	<u>4,446,047</u>	<u>376</u>	<u>6,399,097</u>
Total revenues over/(under) expenditures	<u>131,081</u>	<u>(604,978)</u>	<u>19,874</u>	<u>(454,023)</u>
Other Financing Sources/(Uses)				
Transfers in	-	-	233,000	233,000
Transfers out	<u>(233,000)</u>	<u>-</u>	<u>-</u>	<u>(233,000)</u>
Total Other Financing Sources/(Uses)	<u>(233,000)</u>	<u>-</u>	<u>233,000</u>	<u>-</u>
Net Change in Fund Balances	(101,919)	(604,978)	252,874	(454,023)
Fund Balances - October 1, 2023	<u>809,751</u>	<u>2,105,925</u>	<u>296,346</u>	<u>3,212,022</u>
Fund Balances - September 30, 2024	<u>\$ 707,832</u>	<u>\$ 1,500,947</u>	<u>\$ 549,220</u>	<u>\$ 2,757,999</u>

See accompanying notes to financial statements.

Capital Region 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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (454,023)
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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. This is the amount of depreciation in the current period.	(549,159)
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Deferred outflows of resources for refunding debt is recognized as a component of interest on long-term debt at the government-wide level, but not at the fund level. This is the amount of interest in the current year period.	(15,968)
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Repayment of bond principal is an expenditure at the fund level, but the repayment reduces long-term liabilities at the government-wide level.	3,165,000
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Amortization of bond discount, \$(1,080), and bond premium, \$349, does not require the use of current resources and therefore, is not reported at the fund level. This is the amount of amortization in the current period.	(731)
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In the Statement of Activities, interest is accrued on outstanding bonds; whereas at the fund level, interest expenditures are reported when due. This is the change in accrued interest in the current period.	64,353
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Change in Net Position of Governmental Activities	\$ <u>2,209,472</u>
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See accompanying notes to financial statements.

Capital Region Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$2,009,492	\$2,009,492	\$2,026,235	\$ 16,743
Miscellaneous revenues	-	940	940	-
Investment income	10,000	56,567	56,580	13
Total Revenues	<u>2,019,492</u>	<u>2,066,999</u>	<u>2,083,755</u>	<u>16,756</u>
Expenditures				
Current				
General government	189,206	187,919	155,727	32,192
Physical environment	1,572,286	1,876,566	1,796,947	79,619
Capital outlay	25,000	25,000	-	25,000
Total Expenditures	<u>1,786,492</u>	<u>2,089,485</u>	<u>1,952,674</u>	<u>136,811</u>
Excess of revenues over/under expenditures	<u>233,000</u>	<u>(22,486)</u>	<u>131,081</u>	<u>153,567</u>
Other Financing Sources/(Uses)				
Transfers out	<u>(233,000)</u>	<u>(233,000)</u>	<u>(233,000)</u>	<u>-</u>
Net Change in Fund Balances	-	(255,486)	(101,919)	153,567
Fund Balances - October 1, 2023	<u>-</u>	<u>255,486</u>	<u>809,751</u>	<u>554,265</u>
Fund Balances - September 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,832</u>	<u>\$ 707,832</u>

See accompanying notes to financial statements.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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 February 28, 2000, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, and by Rule 42CC-1, Florida Administrative Code, adopted by the Florida Land and Water Adjudicatory Commission 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 Capital Region Community Development District. The District is governed by a five-member Board of Supervisors. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Capital Region 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

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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. 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.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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 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, Deferred Outflows of Resources, 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;

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Outflows of Resources, 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 investments 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 buildings and improvements and infrastructure, 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.

Capital assets of the District are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	30 years
Infrastructure	30-50 years

c. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Outflows of Resources, and Net Position or Equity (Continued)

d. Unamortized Bond Discounts/Premiums

Bond discounts and bond premiums are presented on the government-wide financial statements. The costs are amortized over the life of the bonds using the straight-line method. For financial reporting, the unamortized discounts are netted against the applicable long-term debt.

e. 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.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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, \$2,757,999, differs from “net position” of governmental activities, \$(5,120,942), 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 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.

Buildings and improvements	\$ 2,312,098
Infrastructure	20,626,284
Accumulated depreciation	<u>(9,390,105)</u>
Total	<u>\$ 13,548,277</u>

Deferred outflow of resources

Deferred outflow of resources applicable to the District’s governmental activities are not current financial resources and therefore, are not reported as fund deferred outflow of resources:

Deferred amount on refunding, net	<u>\$ 105,123</u>
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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, 2024 were:

Bonds payable, net	<u>\$ (21,098,967)</u>
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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>\$ (433,374)</u>
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Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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, \$(454,023), differs from the “change in net position” for governmental activities, \$2,209,472, 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.

Depreciation	\$ <u>(549,159)</u>
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Long-term debt transactions

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. Also, interest is recognized when due at the fund level, but is accrued at the government-wide level.

Payments of long-term debt	\$ <u>3,165,000</u>
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Accrued interest	\$ <u>64,353</u>
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Bond premium/discount amortization	\$ <u>(731)</u>
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Deferred outflow of resources

The deferred outflow of resources for refunding of debt is recognized as a component of interest expense at the government-wide level. This is the amount of current year interest.

Deferred amount on refunding amortization	\$ <u>(15,968)</u>
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Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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, 2024, the District's bank balance was \$141,300 and the carrying value was \$135,936. 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.

Investments

As of September 30, 2024, the District had the following investments and maturities:

Investment	Maturities	Fair Value
Florida PRIME	39 days*	\$ 1,131,196
First American Government Obligation Fund	31 days*	1,390,101
Total Investments		<u>\$ 2,521,297</u>

*Maturity is a 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 investments in First American Government Obligation Fund are Level 1 assets.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2024, there were no redemption fees, maximum transaction amounts, or any other requirement that would limit daily access to 100 percent of the account value.

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.

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2024, the District's investments in Florida PRIME and First American Government Obligation Fund were rated AAAM by Standards & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Florida PRIME are 45% of the District's total investments. The investments in First American Government Obligation Fund are 55% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2024 were typical.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,312,098	\$ -	\$ -	\$ 2,312,098
Infrastructure	20,626,284	-	-	20,626,284
Accumulated depreciation	(8,840,946)	(549,159)	-	(9,390,105)
Total Capital Assets Being Depreciated, Net	<u>14,097,436</u>	<u>(549,159)</u>	<u>-</u>	<u>13,548,277</u>
 Governmental Activities Capital Assets	 <u>\$ 14,097,436</u>	 <u>\$ (549,159)</u>	 <u>\$ -</u>	 <u>\$ 13,548,277</u>

Depreciation of \$549,159 was charged to physical environment.

NOTE E – LONG-TERM DEBT

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2024:

Long-term debt at October 1, 2023	\$ 24,270,000
Principal payments	<u>(3,165,000)</u>
Long-term debt at September 30, 2024	\$ 21,105,000
Plus: bond premium, net	2,255
Less: bond discount, net	<u>(8,288)</u>
Bonds Payable, Net at September 30, 2024	<u>\$ 21,098,967</u>

Long-term debt for Governmental Activities is comprised of the following:

Capital Improvement Revenue Refunding Bonds

\$16,935,000 Series 2018A-1 Capital Improvement Revenue Refunding Bonds are due in annual principal installments beginning May 2019 maturing May 2039. Interest at various rates between 4.125% and 5.125% is due May and November beginning May 2018. Current portion is \$630,000.

\$ 12,680,000

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE E – LONG-TERM DEBT (CONTINUED)

\$2,675,000 Series 2018A-2 Capital Improvement Revenue Refunding Bonds are due in annual principal installments beginning May 2019 maturing May 2031. Interest at various rates between 3.875% and 4.6% is due May and November beginning November 2018. Current portion is \$200,000. 1,585,000

\$2,800,000 Series 2021 Capital Improvement Revenue Refunding Bonds are due in annual principal installments beginning May 2022 maturing May 2031. Interest at a rate of 2.5% is due May and November beginning November 2021. Current portion is \$270,000. 2,035,000

\$9,855,000 Series 2013 Capital Improvement Revenue Refunding Bonds are due in annual principal installments beginning May 2015 maturing May 2032. Interest at various rates between 2.25% and 6% is due May and November beginning May 2014. Current portion is \$485,000. 4,805,000

Bond Payable at September 30, 2024 \$ 21,105,000

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2024 are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 1,585,000	\$ 1,038,739	\$ 2,623,739
2026	1,605,000	969,373	2,574,373
2027	1,685,000	895,243	2,580,243
2028	1,765,000	817,290	2,582,290
2029	1,845,000	735,353	2,580,353
2030-2034	7,310,000	2,326,915	9,636,915
2035-2039	5,310,000	844,600	6,154,600
Totals	<u>\$ 21,105,000</u>	<u>\$ 7,627,513</u>	<u>\$ 28,732,513</u>

During the fiscal year ended September 30, 2024, the Series 2013 Bonds were reissued. According to the amended indenture, upon approval by the Bondholders, legally available funds were used to make a prepayment on the Series 2013 Bonds which resulted in a decrease in future payments and the related interest. The revisions included removal of the reserve account requirement for the Series 2013 Bonds among other changes as stated in the trust indenture. Changes in future payments are reflected in the amortization schedule above.

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE E – LONG-TERM DEBT (CONTINUED)

Summary of Significant Bond Resolution Terms and Covenants

Capital Improvement Revenue Refunding Bonds

Significant Bond Provisions

The Series 2018A-1 and Series 2018A-2 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2028 at a redemption price equal to the principal amount of the Series 2018A-1 Bonds or Series 2018A-2 Bonds to be redeemed, together with accrued interest to the date of redemption. The Series 2018A-1 and Series 2018A-2 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 2021 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at a redemption price set forth in the Trust Indenture. The Series 2021 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.

Upon reissuance of the Series 2013 Bonds during the fiscal year ended September 30, 2024, the Series 2013 Bonds are no longer subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time in accordance with the first amendment to the tenth supplemental trust indenture.

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. The Series 2018 Bond Trust Indentures established certain amounts be maintained in a reserve account.

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:

Reserve Funds – The Series 2018A-1 and 2018A-2 Reserve Accounts were funded from the proceeds of the Series 2018A-1 and 2018A-2 Bonds in amounts equal to 50 percent of the maximum annual debt service outstanding for the Series 2018A-1 and 2018A-2 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The following is a schedule of required reserve balances as of September 30, 2024:

	Reserve Balance	Reserve Requirement
Capital Improvement Revenue Refunding Bonds, Series 2018A-1	\$ 650,464	\$ 649,678
Capital Improvement Revenue Refunding Bonds, Series 2018A-2	\$ 134,900	\$ 134,490

Capital Region Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE F – INTERFUND BALANCES

Interfund balances for the year ended September 30, 2024, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>Debt Service Fund</u>	<u>General Fund</u>
	\$ 110,846

Interfund balances relate to assessments collected in the General Fund on behalf of the Debt Service Fund that have not been paid as of year-end.

NOTE G – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2024, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>
<u>Capital Projects Fund</u>	<u>General Fund</u>
	\$ 233,000

Interfund transfers are the result of budgeted monies from the General Fund to the Capital Projects Fund.

NOTE H – SPECIAL ASSESSMENT REVENUES

Special assessments revenues that fund the annual operating budget are levied annually at a public hearing prior to the beginning of each fiscal year. Special assessment revenues that repay the Districts bond issue were levied when the bonds were issued and are collected annually over the term of the bonds. Assessments collected utilizing the uniform method of collection per Section 197.3632 Florida Statutes are certified for collection to the County Tax Collector no later than September 15th of each year. The District's Special Assessments are included on the property owners November 1st property tax bill which if paid in November receives an early payment discount of 4%, if paid in December payment discount is 3%, if paid in January discount is 2% and paid in February is 1%. Property tax bills paid in March, receive no early payment discount.

NOTE I – 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. There were no claims or settled claims from these risks for each of the past three years.

NOTE J – SUBSEQUENT EVENT

In November 2024, the District made a \$50,000 prepayment on the Series 2018 A-1 Bonds and a \$5,000 prepayment on the Series 2018 A-2 Bonds. These prepayments are included in the current portion of long-term debt in the Statement of Net Position.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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

To the Board of Supervisors
Capital Region Community Development District
Leon 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, as listed in the table of contents, of Capital Region Community Development District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated January 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Capital Region 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 Capital Region Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Capital Region 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.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Capital Region Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital Region 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*

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

January 6, 2025



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Capital Region Community Development District
Leon County, Florida

Report on the Financial Statements

We have audited the financial statements of the Capital Region Community Development District as of and for the year ended September 30, 2024, and have issued our report thereon dated January 6, 2025.

Auditor's Responsibility

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

Other Reports and Schedule

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* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated January 6, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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



To the Board of Supervisors
Capital Region Community Development District

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Capital Region 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 the Capital Region Community Development District has not met one of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2024 for the Capital Region Community Development District. It is management's responsibility to monitor the Capital Region 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.

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 below was provided by management and has not been audited by us; 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)7, Rules of the Auditor General, Capital Region Community Development District reported:

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year: 4
- 2) The total number of independent contractors, defined as individuals or entities that receive 1099s, to whom nonemployee compensation was paid in the last month of the District's fiscal year: 11
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$6,600
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$1,955,567
- 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, 2023, together with the total expenditures for such project: N/A
- 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 amended, see below.

To the Board of Supervisors
Capital Region Community Development District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, the Capital Region Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: The amount of special assessments collected by or on behalf of the District was \$132.77 – \$16,212.38 for the General Fund and \$156.69 – \$21,400.59 for the Debt Service Fund.
- 2) Total special assessments collected was \$5,733,073.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2013, \$4,805,000, matures May 2032 at rates ranging between 2.25% and 6%; Series 2018A-1, \$12,680,000, matures May 2039 at rates ranging between 4.125% and 5.125%; Series 2018A-2, \$1,585,000, matures May 2031 at rates ranging between 3.875% and 4.6%; and Series 2021, \$2,035,000, matures May 2031 at 2.5%.

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$ 2,009,492	\$ 2,026,235	\$ 16,743
Miscellaneous revenues	-	940	940
Investment income	10,000	56,580	46,580
Total Revenues	<u>2,019,492</u>	<u>2,083,755</u>	<u>64,263</u>
Expenditures			
Current			
General government	189,206	155,727	33,479
Physical environment	1,572,286	1,796,947	(224,661)
Capital outlay	25,000	-	25,000
Total Expenditures	<u>1,786,492</u>	<u>1,952,674</u>	<u>(166,182)</u>
Excess of revenues over/under expenditures	<u>233,000</u>	<u>131,081</u>	<u>(101,919)</u>
Other Financing Sources/(Uses)			
Transfers out	<u>(233,000)</u>	<u>(233,000)</u>	<u>-</u>
Net Change in Fund Balances	-	(101,919)	(101,919)
Fund Balances - October 1, 2023	<u>-</u>	<u>809,751</u>	<u>809,751</u>
Fund Balances - September 30, 2024	<u>\$ -</u>	<u>\$ 707,832</u>	<u>\$ 707,832</u>



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Capital Region 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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but which 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

January 6, 2025



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

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

To the Board of Supervisors
Capital Region Community Development District
Leon County, Florida

We have examined Capital Region Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2024. Management is responsible for Capital Region Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Capital Region 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 Capital Region 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 Capital Region Community Development District's compliance with the specified requirements.

In our opinion, Capital Region Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

*Berger Toombs Elam
Gaines & Frank*

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

January 6, 2025