

Financial Statements

September 30, 2024

**Concorde Estates Community
Development District**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Concorde Estates Community Development District

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, and each major fund of the *Concorde Estates Community Development District* (the "District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

Unmodified

Debt Service Fund

Qualified

Governmental Activities

General Fund

Unmodified Opinions on the Debt Service Fund

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Debt Service Fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinions on Governmental Activities, and General Fund

In our opinion, except for the matters described in the basis for qualified and unmodified opinions section, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and the General Fund of the District, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Qualified Opinion on Governmental Activities, and General Fund

The change in management companies resulted in missing documentation and support for transactions and journal entries that are material. We were unable to obtain sufficient appropriate audit evidence for various expense, accounts payable and accounts receivable transactions. The amount by which these adjustments would affect the assets, liabilities, net position, fund balance and expenses of governmental activities and the general fund has not been determined.

Recurring Losses and Deficit Net Position

As disclosed in the notes to financial statements, in prior years, the developer and significant landowners did not pay assessments owed to the District. As a result, the District was unable to make all of its debt service payments due on the Series 2004 and 2011 bonds in the current or prior years. Additionally, current year losses have resulted in a deficit in the general fund. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
October 31, 2025

Our discussion and analysis of the *Concorde Estates Community Development District's*, (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2024. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Financial Highlights

- The liabilities of the District exceeded its assets at September 30, 2024 by \$11,741,527, an increase in the deficit of \$980,264 in comparison with the prior year.
- At September 30, 2024, the District's governmental funds reported a total fund balance deficit of \$(12,021,532), an increase in the deficit of \$881,228 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *Concorde Estates Community Development District's* financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government, physical environment, and culture and recreation related functions.

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Concorde Estates Community Development District
Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and debt service fund. The general fund and debt service fund are considered to be major funds.

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Statement of Net Position - The District's net position was \$(11,741,527) at September 30, 2024. The analysis that follows focuses on the net position of the District's governmental activities.

	September 30, 2024	September 30, 2023
Assets, excluding capital assets	\$ 1,271,222	\$ 1,415,687
Capital assets, net of depreciation	8,053,681	8,396,662
Total assets	9,324,903	9,812,349
Liabilities, excluding long-term liabilities	13,231,430	12,798,612
Long-term liabilities	7,835,000	7,775,000
Total liabilities	21,066,430	20,573,612
Net Position:		
Net investment in capital assets	683,999	407,173
Unrestricted	(12,425,526)	(11,168,436)
Total net position	\$ (11,741,527)	\$ (10,761,263)

Concorde Estates Community Development District
Management's Discussion and Analysis

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues	\$ 2,415,810	1,707,642
General revenues	102,297	45,948
Total revenues	<u>2,518,107</u>	<u>1,753,590</u>
Expenses:		
General government	1,086,113	766,405
Physical environment	1,729,896	1,729,067
Culture and recreation	94,433	357,074
Interest on long-term debt	587,929	572,626
Total expenses	<u>3,498,371</u>	<u>3,425,172</u>
Change in net position	(980,264)	(1,671,582)
Net position, beginning	(10,761,263)	(9,089,681)
Net position, ending	<u>\$ (11,741,527)</u>	<u>\$ (10,761,263)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2024 was \$3,498,371. The majority of these costs are physical environment expense.

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2024, the District's governmental funds reported a combined ending fund deficit of \$(12,021,532). Of this total, \$6,729 is nonspendable, and the remaining fund deficit of \$(12,028,261) is unassigned.

The fund balance in the general fund decreased because of additional expenditures. The debt service fund balance decreased because the District did not collect special assessment revenue to pay the long-term debt.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the September 30, 2024 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets - At September 30, 2024, the District had \$8,053,681 invested in capital assets, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt - At September 30, 2024, the District had \$14,454,930 in bonds and notes outstanding, including \$6,919,930 of matured bonds payable and \$90,081 of accreted interest. More detailed information about the District's capital debt is presented in the notes to the financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the *Concorde Estates Community Development District's* Finance Department at 8051 N. Tamiami Trail, Suite E6, Sarasota, Florida 34243.

FINANCIAL STATEMENTS

Concorde Estates Community Development District
Statement of Net Position
September 30, 2024

	Governmental Activities
Assets:	
Cash	\$ 144,621
Assessments receivable	-
Prepaid costs	6,729
Restricted Assets:	
Temporarily restricted investments	1,119,872
Capital Assets:	
Capital assets not being depreciated	6,552,769
Capital assets being depreciated, net	1,500,912
Total assets	9,324,903
Liabilities:	
Accounts payable and accrued expenses	114,190
Matured bonds payable	6,919,930
Matured interest payable	5,958,634
Accrued interest payable	238,676
Noncurrent Liabilities:	
Due within one year	650,000
Due in more than one year	7,185,000
Total liabilities	21,066,430
Net Position:	
Net investment in capital assets	683,999
Unrestricted	(12,425,526)
Total net position	\$ (11,741,527)

Concorde Estates Community Development District
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
General government	\$ 1,086,113	\$ 901,527	\$ -	\$ (184,586)
Physical environment	1,729,896	1,435,899	-	(293,997)
Culture and recreation	94,433	78,384	-	(16,049)
Interest on long-term debt	587,929	-	-	(587,929)
Total governmental activities	\$ 3,498,371	\$ 2,415,810	\$ -	(1,082,561)
General Revenues:				
Investment and miscellaneous income				102,297
Total general revenues				102,297
Change in net position				(980,264)
Net position, beginning				(10,761,263)
Net position, ending				\$ (11,741,527)

Concorde Estates Community Development District
Balance Sheet - Governmental Funds
September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 144,621	\$ -	\$ 144,621
Investments	-	1,119,872	1,119,872
Prepaid costs	6,729	-	6,729
Due from other funds	-	57,325	57,325
Total assets	<u>\$ 151,350</u>	<u>\$ 1,177,197</u>	<u>\$ 1,328,547</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 91,722	\$ -	\$ 91,722
Due to landowners	-	22,468	22,468
Short-term loans payable	300,000	-	300,000
Due to other funds	57,325	-	57,325
Matured bonds payable	-	6,919,930	6,919,930
Matured interest payable	-	5,958,634	5,958,634
Total liabilities	<u>449,047</u>	<u>12,901,032</u>	<u>13,350,079</u>
Fund balances:			
Nonspendable	6,729	-	6,729
Unassigned	(304,426)	(11,723,835)	(12,028,261)
Total fund balances	<u>(297,697)</u>	<u>(11,723,835)</u>	<u>(12,021,532)</u>
Total liabilities and fund balances	<u>\$ 151,350</u>	<u>\$ 1,177,197</u>	

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. 8,053,681

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable	(238,676)	
Bonds and notes payable	(7,535,000)	(7,773,676)
Net Position of Governmental Activities		<u>\$ (11,741,527)</u>

Concorde Estates Community Development District
Statement of Revenues, Expenditures and Changes in the Fund Balances
Governmental Funds
Year Ended September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Special assessments	\$ 2,415,810	\$ -	\$ 2,415,810
Investment and miscellaneous income	44,595	57,702	102,297
Total revenues	<u>2,460,405</u>	<u>57,702</u>	<u>2,518,107</u>
Expenditures:			
Current:			
General government	973,443	112,670	1,086,113
Physical environment	1,405,627	-	1,405,627
Culture and recreation	75,721	-	75,721
Debt Service:			
Interest	51,669	540,205	591,874
Principal	100,000	240,000	340,000
Total expenditures	<u>2,606,460</u>	<u>892,875</u>	<u>3,499,335</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(146,055)</u>	<u>(835,173)</u>	<u>(981,228)</u>
Other Financing Sources (Uses) :			
Transfers in	-	387,790	387,790
Transfers out	(387,790)	-	(387,790)
Loans issued	100,000	-	100,000
Total other financing sources (uses)	<u>(287,790)</u>	<u>387,790</u>	<u>100,000</u>
Net change in fund balances	<u>(433,845)</u>	<u>(447,383)</u>	<u>(881,228)</u>
Fund balances (deficit), beginning of year	<u>136,148</u>	<u>(11,276,452)</u>	<u>(11,140,304)</u>
Fund balances (deficit), end of year	<u>\$ (297,697)</u>	<u>\$ (11,723,835)</u>	<u>\$ (12,021,532)</u>

Concorde Estates Community Development District
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**
 Year Ended September 30, 2024

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds	\$	(881,228)
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Governmental funds report capital outlays as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets. Depreciation of capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activity.

Depreciation		(342,981)
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Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.

Repayment of bonds payable	340,000		
Loans issued	(100,000)		240,000

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

Change in accrued and accreted interest		<u>3,945</u>
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Change in Net Position of Governmental Activities	\$	<u>(980,264)</u>
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Concorde Estates Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 2,138,416	\$ 2,138,416	\$ 2,415,810	\$ 277,394
Investment and miscellaneous Income	3,806	3,806	44,595	40,789
Total revenues	2,142,222	2,142,222	2,460,405	318,183
Expenditures:				
Current:				
General government	656,708	656,708	973,443	(316,735)
Physical environment	660,164	660,164	1,405,627	(745,463)
Culture and recreation	685,350	685,350	75,721	609,629
Debt Service:				
Interest	-	-	51,669	(51,669)
Principal	-	-	100,000	(100,000)
Total expenditures	2,002,222	2,002,222	2,606,460	(604,238)
Excess (deficit) of revenues over expenditures	140,000	140,000	(146,055)	(286,055)
Other Financing Sources (Uses):				
Transfers out	(140,000)	(140,000)	(387,790)	(247,790)
Loans issued	-	-	100,000	100,000
Total other financing sources (uses)	(140,000)	(140,000)	(287,790)	(147,790)
Net change in fund balance	-	-	(433,845)	(433,845)
Fund balance, beginning of year	136,148	136,148	136,148	-
Fund balance (deficit), end of year	\$ 136,148	\$ 136,148	\$ (297,697)	\$ (433,845)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *Concorde Estates Community Development District*, (the “District”) was established on November 3, 2003 by Osceola County Ordinance 03-33, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the “Board”), which is composed of five members. All of the Supervisors are elected on an at large basis by qualified electors that reside within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. In a prior year, the Developer, D.R. Horton, Inc. (“Developer”) deeded their property in lieu of foreclosure to Maxcy Development Group Holdings - Concorde Estates, Inc., a Special Purpose Entity (“SPE”).

The Board has final responsibility for:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statements 14, 39, and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations (component units) for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. Management has determined that there are no entities considered to be component units of the District.

Government-Wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants, contributions and investment earnings that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance special assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

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

The District reports the following governmental funds. The general fund and debt service fund are considered to be major funds:

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.

Debt Service Fund - accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Restricted Assets - These assets represent cash and investments set aside pursuant to bond covenants.

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

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, Fair Value Measurement and Application. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

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

Assessments Receivable - Assessments receivable are reported net of an allowance for doubtful accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Stormwater System	25
Landscaping	15
Parks and Rec	10-20
Building	15-30
Equipment	10

Long Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category for the year ended September 30, 2024.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualifies for reporting in this category for the year ended September 30, 2024.

Net Position Flow Assumption - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumptions - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Other Disclosures

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

New Accounting Standards

In fiscal year 2024, the District has not implemented any new accounting standards with a material effect on the District's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

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

Excess Expenditures over Appropriations

For the year ended September 30, 2024, expenditures and transfers out of the general fund exceeded appropriations by approximately \$850,000. These excess expenditures were funded by excess revenues, loan proceeds and available fund balance.

Deficit Fund Balance

At September 30, 2024, the debt service fund had a fund balance deficit of \$(11,723,835), and the general fund had a deficit fund balance of \$(297,697).

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The District categorizes its fair value measurements within the fair value hierarchy 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 prices 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.

The District's investment policies are governed by State Statutes and the District Trust Indentures. The District investment policy allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized District investments include, but are not limited to:

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments made by the District at September 30, 2024 are summarized below.

<u>Investment Type</u>		<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
US Bank Managed Money Market Fund	\$ 1,119,872	N/A	N/A
	<u>\$ 1,119,872</u>		

Credit Risk:

The District's investment policy limits credit risk by restricting authorized investments to those described. Investments in U.S. Government securities and agencies must be backed by the full faith and credit of the United States Government. Short term bond funds shall be rated by a nationally recognized ratings agency and shall maintain the highest credit quality rating. Investment ratings by investment type are included in the preceding summary of investments.

Custodial Credit Risk:

In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2024, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2024, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

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

Interest Rate Risk:

The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 4 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 6,374,961	\$ -	\$ -	\$ 6,374,961
Construction in progress	177,808	-	-	177,808
Total Capital Assets Not Being Depreciated	<u>6,552,769</u>	<u>-</u>	<u>-</u>	<u>6,552,769</u>
Capital Assets Being Depreciated:				
Stormwater System	3,519,229	-	-	3,519,229
Landscaping	1,947,495	-	-	1,947,495
Equipment	27,583	-	-	27,583
Parks & Rec	311,228	-	-	311,228
Buildings	1,445,008	-	-	1,445,008
Total Capital Assets Being Depreciated	<u>7,250,543</u>	<u>-</u>	<u>-</u>	<u>7,250,543</u>
Less Accumulated Depreciation for:				
Stormwater System	(2,369,612)	(140,769)	-	(2,510,381)
Landscaping	(2,131,425)	(129,833)	-	(2,261,258)
Parks & Rec	(132,921)	(18,712)	-	(151,633)
Equipment	(7,414)	(4,568)	-	(11,982)
Buildings	(765,278)	(49,099)	-	(814,377)
Total Accumulated Depreciation	<u>(5,406,650)</u>	<u>(342,981)</u>	<u>-</u>	<u>(5,749,631)</u>
Total Capital Assets Being Depreciated, net	<u>1,843,893</u>	<u>(342,981)</u>	<u>-</u>	<u>1,500,912</u>
Governmental Activities Capital Assets, net	<u>\$ 8,396,662</u>	<u>\$ (342,981)</u>	<u>\$ -</u>	<u>\$ 8,053,681</u>

Depreciation expense of \$324,269 was charged to physical environment expense, and \$18,712 was charged to culture and recreation expense for 2024.

NOTE 5 LONG-TERM LIABILITIES

Capital Improvement Revenue Bonds Series 2004 - Public Offering

On March 19, 2004, the District issued \$30,020,000 of Capital Improvement Revenue Bonds Series 2004 consisting of Series 2004A Bonds of \$9,620,000 due on May 1, 2035 with a fixed interest rate of 5.85% and Series 2004B Bonds of \$20,400,000 due on May 1, 2011 with a fixed interest rate of 5%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. Interest is due semiannually on each May 1 and November 1. Principal on the Series 2004A Bonds is due annually commencing May 1, 2006 through May 1, 2035. Principal on the Series 2004B Bonds was due in one lump sum on May 1, 2011.

The Series 2004A Bonds are subject to redemption at the option of the District in whole or in part at any time on or after May 1, 2014 at a redemption price set forth in the Bond Indenture. The Series 2004B Bonds are not subject to optional redemption. The Series 2004A and Series 2004B Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The Series 2004 Bonds were in default due to nonpayment of debt service. In July 2011, \$11,591,511 of the Series 2004 Bonds was exchanged for Series 2011 Bonds. The unexchanged portion of the Series 2004 Bonds of \$7,285,000 remains outstanding. As part of the restructuring, payment terms on the \$3,305,000 unexchanged Series 2004A Bonds were changed so that all principal is due on May 1, 2035. Payment terms on the \$3,980,000 unexchanged Series 2004B Bonds remains the same and all principal was due May 1, 2011. This amount was not paid and is recorded as matured bonds payable in the financial statements. As part of the restructure, there is no longer a debt service reserve requirement on the 2004 Bonds.

For the year ended September 30, 2024, no interest was paid on the Series 2004 Bonds. The current year interest due of \$392,342 was accrued to matured interest payable. No special assessment revenue was pledged for the Series 2004 Bonds. Total principal and interest remaining on the Series 2004 Bonds as of September 30, 2024 is \$15,296,907, including matured bonds payable of \$3,980,000 and matured interest payable of \$5,885,136.

The remaining unexchanged portion of the 2004 Bonds is subordinate to the Series 2011 Bonds. As a result of the restructuring, the Series 2004 Bonds are no longer secured by a lien on special assessment revenue because the assessment lien was transferred to secure the Series 2011 Bonds. The Series 2004 Bonds are payable solely from any remaining lot sale proceeds after payment of Series 2011B assessments, prepayments and SPE operating costs. After all lots have been sold and all proceeds applied, any remaining 2004 Bonds that are outstanding will be forgiven. In the current and prior years, the District continues to accrue interest expense on the 2004 Bonds to matured interest payable. The District does not accrue principal expense on the 2004A Bonds because they are no longer secured by assessments so the principal of \$3,305,000 is considered due at maturity in 2035. The 2004B principal of \$3,980,000 is reported as matured bonds payable.

Capital Improvement Revenue Bonds Series 2011 - Public Offering

As discussed previously, on July 15, 2011, the District issued \$11,591,511 of Capital Improvement Revenue Bonds Series 2011 in exchange for an approximately equal amount of the outstanding Series 2004 Bonds. The exchange was as follows: \$5,265,000 of Series 2004A Bonds and \$6,330,000 of Series 2004B Bonds were exchanged for \$4,145,000 of Series 2011A-1 Bonds, \$2,294,445 of Series 2011A-2 Bonds and \$5,152,066 of Series 2011B Bonds. A rounding difference of \$3,489 resulted from this transaction.

The Series 2011A-1 Term Bonds are secured by special assessments on lots that had been sold. The assessment payments on these lots were current as of the restructuring date. The Series 2011A-1 Bonds have a fixed interest rate of 5.85% and are due on May 1, 2035. Interest is payable semiannually on each May 1 and November 1 and principal is payable annually commencing on May 1, 2012 through May 1, 2035. The Series 2011A-2 Convertible Capital Appreciation Bonds are secured by special assessments on unsold lots. The assessment payments on these lots were delinquent as of the restructuring date. The Series 2011A-2 Bonds have a fixed interest rate of 5.85% and are due on May 1, 2035. Interest accretes and is added to the Bond principal from the issuance date until the conversion date of May 1, 2013. On that date, the Bonds converted to Current Interest Bonds and interest payments became due semiannually on each May 1 and November 1, beginning on November 1, 2013. Annual principal payments begin May 1, 2014 through May 1, 2035. The Series 2011B Nonconvertible Capital Appreciation Bonds are secured by special assessments on the same lots as the 2011A-2 Bonds. The Series 2011B Bonds have a fixed interest rate of 5% and were due on May 1, 2017. Interest accretes on these bonds and is added to the bond principal from the issuance date until the maturity date of May 1, 2017, when the entire principal and accreted interest is due. During a prior year, the maturity date was extended to November 1, 2017.

The Series 2011A Bonds are subject to redemption at the option of the District, in whole or in part at any time on or after May 1, 2014 at a redemption price as set forth in the Bond Indenture. These Bonds are also subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond Indenture. In April 2022, the Series 2011A-1 Bonds were refunded with the Series 2022A-1 Capital Improvement Revenue Refunding Note.

In November 2017, \$2,871,820 of the Series 2011B Bonds were exchanged for Series 2017B Bonds. The unexchanged portion of the Series 2011B Bonds of \$2,939,930 remains outstanding. As part of the restructuring, payment terms on the \$2,939,930 unexchanged Series 2011B Bonds were unchanged so that all principal was due on November 1, 2017. This amount was not paid and is recorded as matured bonds payable in the financial statements.

The Series 2011B Bonds are not subject to redemption at the option of the District. These Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond Indenture.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The Series 2011A-2 and Series 2011B Bonds do not have a reserve account requirement.

The Bond 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 agreed to 1) collect special assessments in annual installments adequate to provide payment of debt service and 2) to meet the reserve requirements. Payment of the principal and interest on the Series 2011 Bonds is secured by a pledge of and first lien upon the pledged special assessment revenue. The District is not in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2011 Bonds as of September 30, 2024 is \$4,182,914, including \$2,939,930 of matured bonds payable and \$73,498 of matured interest payable. For the year ended September 30, 2024, \$117,038 of principal and interest was paid and no special assessment revenue was pledged. The Series 2011A-1 Bonds were repaid during a prior year with the issuance of the Series 2022 Notes.

Capital Improvement Revenue Refunding Note Series 2022A-1 - Private Placement

On April 14, 2022, the District issued \$2,765,000 of Capital Improvement Revenue Notes Series 2022 with a fixed interest rate of 3.5% due May 1, 2035. Interest is due semiannually on each May 1 and November 1. The Notes were issued to refund the Series 2011A-1 Bonds. Principal on the Series 2022 Notes is due annually commencing on May 1, 2023 to May 1, 2035.

The Series 2022A Notes are subject to redemption at the option of the District prior to their maturity. These Notes are subject to extraordinary mandatory redemption prior to maturity in the manner if certain events occur as outlined in the Note Indenture.

The Note Indenture requires that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirement as defined in the Indenture. The requirement has been met at September 30, 2024.

Total principal and interest remaining on the Series 2022A Notes as of September 30, 2024 is \$2,950,504. For the year ended September 30, 2024, \$270,825 of principal and interest of was paid, and no special assessment revenue was pledged.

2023 Note Payable - Private Placement

On April 10, 2023, the District issued \$1,000,000 Notes Series 2023 with a fixed interest rate of 5.3% due May 1, 2028. Interest is due semiannually on each May 1 and November 1. Principal on the Series 2023 Notes is due annually commencing on May 1, 2024 to May 1, 2028. At September 30, 2024, the District has drawn \$1,000,000 on the loan.

The Series 2023 Notes are subject to redemption at the option of the District prior to their maturity. The Note requires that the District maintain a liquidity reserve, tested annually beginning on November 1, 2023.

Total principal and interest remaining on the Series 2023 Notes as of September 30, 2024 is \$1,059,000. For the year ended September 30, 2024, \$151,669 of principal and interest was paid, and no special assessment revenue was pledged.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Long-term debt activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Series 2004 A	\$ 3,305,000	\$ -	\$ -	\$ 3,305,000	\$ -
Series 2011A-2	879,012	-	(54,093)	824,919	58,601
Notes Payable:					
Series 2023	900,000	100,000	(100,000)	900,000	100,000
Series 2022 A1	2,595,000	-	(180,000)	2,415,000	185,000
Total bonds and notes payable	7,679,012	100,000	(334,093)	7,444,919	343,601
Accreted interest payable	95,988	-	(5,907)	90,081	6,399
Governmental activity long-term liabilities	\$ 7,775,000	\$ 100,000	\$ (340,000)	\$ 7,535,000	\$ 350,000

At September 30, 2024, the scheduled debt service requirements on the bonds and notes payable, excluding the matured bonds and interest payable, were as follows:

Year Ending September 30,	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2025	\$ 58,601	\$ 246,871	\$ 285,000	\$ 132,226
2026	58,601	243,068	290,000	120,450
2027	63,109	239,266	300,000	108,500
2028	67,616	235,171	805,000	96,200
2029	72,124	230,783	210,000	57,226
2030 - 2034	428,236	1,077,863	1,165,000	170,802
2035	3,381,632	198,316	260,000	9,100
	\$ 4,129,919	\$ 2,471,338	\$ 3,315,000	\$ 694,504

NOTE 6 SHORT-TERM LIABILITIES

In August 2024, the District entered into a private placement note payable for \$200,000 to fund the District's reserves and/or capital improvements. The loan bears interest at Prime plus 2% (10% at September 30, 2024) and is due on January 1, 2025. Additionally, the District shall pay the lender administrative fees, combined with interest shall not exceed 20% of the loan principal. In December 2024, the District paid \$200,000 of principal and \$40,000 of interest and fees.

In September 2024, the District entered into a private placement note payable for \$100,000 to fund the District's reserves and/or capital improvements. The loan bears interest at 5.3% and is due on January 1, 2025. Additionally, the District agrees to pay the lender a fixed interest of 20% within 30 days of the borrowed money. In December 2024, the District paid \$100,000 of principal and \$30,000 of interest and fees.

NOTE 7 INTERFUND BALANCES AND TRANSFERS

During the year, the general fund transferred \$387,790 to the debt service fund for debt payments. Additionally, at September 30, 2024 the general fund owed the debt service fund \$57,325.

NOTE 8 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the previous three years.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 9 SPECIAL PURPOSE ENTITY

In fiscal year 2012, the Trustee, on behalf of the bondholders, created a special purpose entity ("SPE"), Maxcy Development Group Holdings - Concorde Estates, Inc., to own, manage and dispose of land taken in lieu of foreclosure from the Developer and a significant landowner of the District. The District, Trustee and the SPE entered into a tri-party agreement whereby the SPE assumed responsibility for delinquent operating and maintenance assessments owed to the District and agreed to pay future operating and maintenance assessments. The Trustee has directed the District to temporarily defer collection of the debt service assessments encumbering the SPE property. These assessments will be held in abeyance until the District receives notice from the Trustee to the contrary. If funds are no longer available in the Trust Estate and another funding source has not been secured, the SPE may convey the property to the District (with the District's consent), the Trustee or another SPE.

NOTE 10 SUBSEQUENT EVENTS

Principal and interest payments due on the bonds and notes payable were not paid.

COMPLIANCE SECTION

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

To the Board of Supervisors
Concorde Estates Community Development District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities and each major fund of the Concorde Estates Community Development District (the “District”) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated October 31, 2025. Our report includes a qualified opinion on governmental activities and the general fund due to missing documentation.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Appendix A that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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*.

District’s Response to Findings

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

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.

McDermitt Davis

Orlando, Florida
October 31, 2025

MANAGEMENT LETTER

Board of Supervisors
 Concorde Estates Community Development District

Report on the Financial Statements

We have audited the financial statements of the *Concorde Estates Community Development District* (the "District") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated October 31, 2025. Our report includes a qualified opinion on governmental activities and the general fund due to missing documentation.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 31, 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 taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report, except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2022-23 FY Finding #	2021-22 FY Finding #
13-01	13-01	13-01
24-01	23-01	22-01
24-02	23-02	22-02
24-03	23-03	22-03
24-04	23-04	N/A
24-05	23-05	N/A
24-06	23-06	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to financial statements.

Financial Condition and Management

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

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

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 had one such recommendation.

24-06 Budgets

During the year, the District significantly exceeded budgeted appropriations in the general fund, and the budget was not amended within 60 days of year end. We recommend that the District establish policies to review budgeted expenditures, and formally amend the budget within 60 days as required by Florida Statutes.

Specific Information (Unaudited)

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

- a. The total number of District employees compensated in the last pay period of the District’s fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District’s fiscal year as 4.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$244,577.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as not applicable:
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final budget under Section 189.016(6), Florida Statutes, see budget statement.

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

- a. The rate or rates of non-ad valorem special assessments imposed by the District as

	O&M	Series 2022-1 Debt Service	Series 2011A-2 Debt Service
Townhouse	\$3,567.02	\$711.67	N/A
40"	\$3,695.82	N/A	\$600
65'	\$3,812.13	\$948.89	\$700
75'	\$3,854.72	\$1,091.23	\$805
90'	\$3,920.08	\$1,328.45	\$980
100'	\$3,996.38	N/A	\$1,050

- b. The total amount of special assessments collected by or on behalf of the District as \$2,415,810.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds, see notes to financial statements.

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 warrants the attention of those charged with governance. In connection with our audit, we had one such finding. See Appendix C.

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.

McDermitt Davis

Orlando, Florida
October 31, 2025

24-01 Controls Over the Preparation of Financial Statements

During our audit, we noted significant adjustments were required to correctly report the financial statements in accordance with GAAP. All activity of the debt service fund was not properly recorded in a separate fund, and adjustments were required to balance the fund financial statements. Additionally, various general fund activities were not properly recorded. As a result, errors in the financial statements could go undetected. We recommend procedures be put in place to properly track activity of each fund, as well as year-end closing processes to post all necessary adjustments.

Management's Response:

Management agrees. Since assuming responsibility for the District, Florida District Management (FDM) has implemented strengthened accounting procedures to ensure accurate and timely recording of all financial activity. These procedures include monthly internal reviews, segregation of duties, and enhanced oversight during year-end closing to properly capture and classify activity in each fund.

24-02 Account Reconciliations and Documentation

During our audit, we noted several accounts that were not reconciled timely, and balances were not adjusted. Additionally, documentation of various transactions was not maintained. As a result, errors in financial reporting could go undetected. We recommend procedures be put in place to reconcile accounts monthly, and all supporting documentation be maintained.

Management's Response:

Management agrees. FDM has implemented a structured monthly reconciliation process for all accounts. Supporting documentation for all transactions is now maintained in both digital and hard-copy formats. Internal workflow procedures have been revised to ensure all journal entries and payments include the proper supporting documentation and required approvals prior to posting.

24-04 Debt Service Assessments

During our audit, we noted no assessment revenue from the tax roll was allocated to the debt service fund. The bond and note indentures require the district to levy assessments for repayment of bond principal and interest. Additionally, the annual budget and assessments levied include amounts for debt service assessments. As a result, errors in the financial statements could go undetected, and insufficient revenues are available to pay debt service.

Management's Response:

Management agrees. Procedures have been implemented to ensure all debt service assessments are properly allocated to the appropriate fund immediately upon receipt. Accounting personnel now perform monthly reviews of collection reports to verify compliance with the bond and note indentures.

24-07 Accounting Records Retention

During our audit, we noted that detailed accounting records were not properly maintained. Several transactions lacked supporting documentation, including invoice copies and documentation of invoice approvals. Detailed records should be maintained to include the purpose of the transaction, documentation of approval, and documentation of payment. Additionally, documentation of various journal entries was not maintained. We recommend that the District establish formal record retention and accounting policies and procedures to ensure adequate documentation is maintained by the District.

Management's Response

Management acknowledges this finding. Florida District Management was appointed after the fiscal year under audit and did not receive complete historical financial records from the prior management company, Avid Property Management. Several transactions lacked supporting documentation, and certain journal entries could not be validated due to missing records predating our engagement.

Upon assuming management, FDM implemented the following corrective actions:

- Complete reconstruction of all available financial records using County data, bank statements, vendor confirmations, and historical Board materials.*
- Implementation of a strict records retention policy for all invoices, approvals, reconciliations, contracts, and journal entries.*
- Establishment of centralized, secure digital storage with backup redundancy.*
- Monthly account reconciliations with dual review for accuracy and completeness.*
- Mandatory supporting documentation for every financial transaction.*
- Enhanced internal controls governing accounting workflows, document approval, and year-end closing procedures.*

While certain historical records remain unavailable due to circumstances outside the District's control, FDM remains committed to maintaining accurate, complete, and compliant financial documentation moving forward.

13 - 01 - Financial Condition Assessment

The District's financial condition has deteriorated. In prior years, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments and the District is now funded, however, the overall effect of these actions on the District's financial condition cannot be determined at this time.

Management's Response:

A portion of the Series 2004 Bonds were exchanged for Series 2011 Bonds. The remaining un-exchanges portion of the 2004 Bonds is subordinate to the Series 2011 Bonds. As a result of the restructuring, the Series 2004 Bonds are no longer secured by a lien on special assessment revenue because the assessment lien was transferred to secure the Series 2011 Bonds. The Series 2004 Bonds are payable solely from any remaining lot sale proceeds after payment of Series 2011B assessments, prepayments and SPE operating costs. After all lots have been sold and all proceeds applied, any remaining 2004 Bonds that are outstanding will be forgiven. In the current and prior years, the District continues to accrue interest expense on the 2004 Bonds to matured interest payable.

At the Board of Supervisors' meeting of January 24, 2018, following a public hearing, the Board adopted Resolution 2015-05 which approved the bifurcation of the Series 2011B Bonds and exchanged a portion with new Series 2017B Bonds. Pursuant to Resolution 2018-2, the Board determined that the bifurcation and exchange of the Series 2011B Bonds will facilitate the repositioning of the Series 2011B Bonds in a manner consistent with the development status of the respective portions of property securing the Exchanged Series 2011B Bonds and the Un-exchanged Series 2011B Bonds and will be in the best interest of the District by securing the future receipt of Assessments.

24-03 Timely Completion of Annual Audit

Florida Statutes requires the annual audit be submitted to the state, no later than nine months after the District's fiscal year end. Due to delays in reconciling accounts and changing management companies, the audit was not completed timely.

Management's Response:

Management agrees. The delay in audit completion resulted primarily from the transition between management companies and the poor condition of the financial records inherited from the prior management company. FDM has implemented new internal controls, reconciliation schedules, and documentation requirements that will allow future audits to be completed on time.

24-05 Records of Board Meetings

During our audit, we noted that board meeting minutes for the year were not maintained.

Management's Response:

Management agrees. FDM has implemented strict procedures to ensure all Board meeting minutes are promptly drafted, approved, and archived. All meeting records are now maintained in a centralized records management system to prevent future omissions.

24-06 Budgets

During our audit, we noted that the annual budget was not amended within 60 days of year end, as required by Florida Statutes.

Management's Response:

Management agrees. FDM now performs monthly budget-to-actual reviews to determine whether amendments are required. When applicable, amendments will be prepared and adopted within the statutory 60-day requirement.



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors
Concorde Estates Community Development District

We have examined Concorde Estates Community Development District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2024. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

McDermitt Davis

Orlando, Florida
October 31, 2025