

**Westside Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

**Westside Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Westside Community Development District  
Osceola County, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Westside Community Development District as of and for the year ended September 30, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Pierce / Stuart

To the Board of Supervisors  
Westside Community Development District

**Summary of Opinions**

| Opinion Unit                                   | Type of Opinion |
|--|-----------------|
| Governmental Activities                        | Unmodified      |
| Business-Type Activities                       | Unmodified      |
| Aggregate Discretely Presented Component Units | Adverse         |
| General Fund                                   | Unmodified      |
| Debt Service 2005                              | Unmodified      |
| Debt Service 2007                              | Unmodified      |
| Capital Projects 2005                          | Unmodified      |
| Capital Projects 2007                          | Unmodified      |

**Other Matters**

*Required Supplementary Information*

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding 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 a report dated June 28, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Westside Community Development District's internal control over financial reporting and compliance.

To the Board of Supervisors  
Westside Community Development District

### **Basis for Adverse Opinion on the Discretely Presented Component Units**

The financial statements do not include financial data for one of the District's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units should have been presented.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Units", the financial statements referred to above do not present fairly, the financial position of the discretely presented component units of the District as of September 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the District as of September 30, 2015, 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.

### **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2015, 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.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

June 28, 2016

**Westside Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

Management's discussion and analysis of Westside 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. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in three categories; net investment in capital assets, restricted, and 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.

**Westside Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**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 statement is designed to provide the reader with a broad overview of the District's finances, in a manner similar to a private sector business. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all non-current assets and receivables as well as all non-current debt and obligations. The effect of interfund activity has been eliminated from the government-wide financial statements. In contrast, the governmental fund financial statements are grouped into funds to account for and to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis where as revenues are recorded when collected in the current period or within 60 days of year-end and expenditures are recorded when a liability is incurred. The difference between the two statements arises primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. A reconciliation of the government-wide and the fund financial statement is provided to illustrate these differences.

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

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2015.

- ◆ The District's total liabilities exceeded total assets by \$(9,012,374), (net position). Unrestricted net position for Governmental Activities was \$(11,529,217). Net investment in capital assets was \$2,488,778. Restricted net position was \$28,065.
- ◆ Governmental activities revenues totaled \$5,181,597 while governmental activities expenses totaled \$4,489,997.

**Westside Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

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

**Net Position**

|                                  | <b>Governmental<br/>Activities</b> |                       |
|----------------------------------|------------------------------------|-----------------------|
|                                  | <u>2015</u>                        | <u>2014</u>           |
| Current assets                   | \$ 587,656                         | \$ 213,001            |
| Restricted assets                | 5,488,808                          | 2,214,259             |
| Capital assets                   | <u>31,359,115</u>                  | <u>32,303,277</u>     |
| Total Assets                     | <u>37,435,579</u>                  | <u>34,730,537</u>     |
| <br>                             |                                    |                       |
| Current liabilities              | 15,721,416                         | 12,942,835            |
| Non-current liabilities          | <u>30,726,537</u>                  | <u>31,491,676</u>     |
| Total Liabilities                | <u>46,447,953</u>                  | <u>44,434,511</u>     |
| <br>                             |                                    |                       |
| Net investment in capital assets | 2,488,778                          | 2,801,376             |
| Net assets - restricted          | 28,065                             | 7,471                 |
| Net assets - unrestricted        | <u>(11,529,217)</u>                | <u>(12,512,821)</u>   |
| Total Net Assets                 | <u>\$ (9,012,374)</u>              | <u>\$ (9,703,974)</u> |

The increase in current liabilities and the decrease in non-current liabilities was primarily due to the increase in matured interest and matured bonds payable caused by the non-payment of current year debt service.

The increase in restricted assets is the result of legal settlement revenues received in the current year.

**Westside Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

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

|                                    | <b>Change in Net Position</b>      |                              |
|------------------------------------|------------------------------------|------------------------------|
|                                    | <b>Governmental<br/>Activities</b> |                              |
|                                    | <u>2015</u>                        | <u>2014</u>                  |
| Program Revenues                   |                                    |                              |
| Charges for services               | \$ 1,032,892                       | \$ 1,835,168                 |
| Operating grants and contributions | 4,147,885                          | 25,670                       |
| General Revenues                   |                                    |                              |
| Investment earnings                | 820                                | 732                          |
| Total Revenues                     | <u>5,181,597</u>                   | <u>1,861,570</u>             |
| Expenses                           |                                    |                              |
| General government                 | 132,015                            | 823,894                      |
| Physical environment               | 1,212,595                          | 1,109,299                    |
| Interest on long term debt         | 3,145,387                          | 2,608,555                    |
| Total Expenses                     | <u>4,489,997</u>                   | <u>4,541,748</u>             |
| Change in Net Assets               | 691,600                            | (2,680,178)                  |
| Net Assets - Beginning of Year     | <u>(9,703,974)</u>                 | <u>(7,023,796)</u>           |
| Net Assets - End of Year           | <u><u>\$ (9,012,374)</u></u>       | <u><u>\$ (9,703,974)</u></u> |

The increase in total revenues was primarily due to legal settlements received in the current year.

The decrease in general government expenses was primarily due to other debt service costs recorded as General Government expenses in the prior year.

The increase in interest on long-term debt was primarily due to an increase in matured bonds and interest outstanding during the year.

**Westside Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of 2015 and 2014.

| Description                       | Governmental Activities |               |
|-----------------------------------|-------------------------|---------------|
|                                   | 2015                    | 2014          |
| Land improvements                 | \$ 11,525,151           | \$ 10,161,095 |
| Construction in progress          | 727,346                 | 2,091,402     |
| Improvements other than buildings | 726,955                 | 726,955       |
| Infrastructure                    | 26,259,404              | 26,259,404    |
| Accumulated depreciation          | (7,879,741)             | (6,935,579)   |
| Total Capital Assets (Net)        | \$ 31,359,115           | \$ 32,303,277 |

During the year, \$1,364,050 was transferred from construction in progress to land improvement and \$944,162 in depreciation was recorded

**General Fund Budgetary Highlights**

The budget exceeded governmental expenditures for the year because a budgeted operating reserve that was not used.

There were no amendments to the September 30, 2015 budget.

**Debt Management**

Governmental Activities debt includes the following:

In December 2005, the District issued \$17,525,000 Series 2005 Special Assessment Revenue Bonds. The Bonds are the second of a series of debt to be issued by the District and were issued to retire the \$4,000,000 Bond Anticipation Notes in 2006, and finance the costs of acquisition, construction, installation and equipping of certain assessable improvements within the District. During the year, the District failed to meet the scheduled debt service requirements and the Series 2005 Bonds remain in default. Matured bonds payable totaled \$1,775,000 at September 30, 2015. The unmatured balance outstanding at September 30, 2015 was \$15,275,000.

**Westside Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Debt Management (Continued)**

In December 2007, the District issued \$17,510,000 Series 2007 Special Assessment Revenue Bonds. The bonds were issued to finance the construction of certain improvements and infrastructure within certain areas of the District. During the year, the District failed to meet the scheduled debt service requirements and the Series 2007 Bonds remain in default. Matured bonds payable totaled \$775,000 at September 30, 2015. The unmatured balance outstanding at September 30, 2015 was \$16,015,000.

In September 2014, the District reached an agreement with alleged contractor of the prior developer to pay them \$290,000 over five years. The balance remaining on September 30, 2015 was \$215,000.

**Economic Factors and Next Year's Budget**

The District's overall financial condition improved in the current year. The District received legal settlements relating to past due assessments and subsequent to year end, the District made unscheduled interest and principal payments on the Series 2005 and Series 2007 bonds.

Additionally, Westside SPE, LLC and Westside CDD Holdings, LLC (SPEs) hold land for sale to prospective Developers and transfers to the County. The District expects to receive proceeds upon sale of the property by the SPEs and also expects to receive assessments from the new developers allowing the District to fully fund operations and necessary capital improvements deemed necessary.

**Request for Information**

The financial report is designed to provide a general overview of Westside 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 Westside Community Development District, Governmental Management Services, 135 W. Central Blvd, Suite 320, Orlando, FL 32801.

**Westside Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

|                                       | <b>Governmental<br/>Activities</b> | <b>Component<br/>Unit</b> |
|---------------------------------------|------------------------------------|---------------------------|
| <b>ASSETS</b>                         |                                    |                           |
| Current Assets                        |                                    |                           |
| Cash                                  | \$ 341,679                         | \$ 2,751                  |
| Special assessments receivable        | 4,898                              | -                         |
| Legal settlements receivable          | 227,572                            | -                         |
| Prepaid expenses                      | 13,507                             | -                         |
| Land held for sale                    | -                                  | 3,972,600                 |
| Total Current Assets                  | 587,656                            | 3,975,351                 |
| Non-Current Assets                    |                                    |                           |
| Restricted:                           |                                    |                           |
| Investments                           | 5,461,133                          | -                         |
| Cash                                  | 27,675                             | -                         |
| Capital Assets Not Being Depreciated: |                                    |                           |
| Land and improvements                 | 11,525,151                         | -                         |
| Construction in progress              | 727,346                            | -                         |
| Capital Assets Being Depreciated:     |                                    |                           |
| Improvements other than buildings     | 726,955                            | -                         |
| Infrastructure                        | 26,259,404                         | -                         |
| Less: accumulated depreciation        | (7,879,741)                        | -                         |
| Total Non-Current Assets              | 36,847,923                         | -                         |
| Total Assets                          | 37,435,579                         | 3,975,351                 |
| <b>LIABILITIES</b>                    |                                    |                           |
| Current Liabilities                   |                                    |                           |
| Accounts payable and accrued expenses | 79,002                             | 2,535                     |
| Due to developer                      | 42,878                             | -                         |
| Matured interest payable              | 9,616,523                          | -                         |
| Matured bonds payable                 | 2,550,000                          | -                         |
| Accrued interest                      | 2,739,263                          | -                         |
| Bonds payable-current                 | 640,000                            | -                         |
| Note payable - current                | 53,750                             | -                         |
| Total Current Liabilities             | 15,721,416                         | 2,535                     |
| Non-Current Liabilities               |                                    |                           |
| Bonds payable                         | 30,565,287                         | -                         |
| Note payable                          | 161,250                            | -                         |
| Due to other governmental units       | -                                  | 3,972,600                 |
| Total Liabilities                     | 46,447,953                         | 3,975,135                 |
| <b>NET POSITION</b>                   |                                    |                           |
| Net investment in capital assets      | 2,488,778                          | -                         |
| Restricted for capital projects       | 28,065                             | -                         |
| Restricted component unit             | -                                  | 216                       |
| Unrestricted                          | (11,529,217)                       | -                         |
| Total Net Position                    | \$ (9,012,374)                     | \$ 216                    |

See accompanying notes to financial statements.

**Westside Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

| <u>Functions/Programs</u>         | <u>Expenses</u>       | <u>Program Revenues</u>     |   | <u>Net (Expenses) Revenues and Changes in Net Position</u> |                       |
|-----------------------------------|-----------------------|-----------------------------|---|--|-----------------------|
|                                   |                       | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u>                             | <u>Component Unit</u> |
| <b>Primary government</b>         |                       |                             |   |  |                       |
| Governmental Activities           |                       |                             |   |  |                       |
| General government                | \$ (132,015)          | \$ 148,810                  | \$ -                                      | \$ 16,795  | \$ -                  |
| Physical environment              | (1,212,595)           | 302,584                     | -   | (910,011)  | -                     |
| Interest and other costs          | (3,145,387)           | 581,498                     | 4,147,885                                 | 1,583,996  | -                     |
| Total Governmental Activities     | <u>\$ (4,489,997)</u> | <u>\$ 1,032,892</u>         | <u>\$ 4,147,885</u>                       | <u>690,780</u>   | <u>-</u>              |
| <b>Component unit</b>             |                       |                             |   |  |                       |
| Westside SPE, LLC                 | <u>\$ (159,785)</u>   | <u>\$ -</u>                 | <u>\$ 158,645</u>                         | <u>-</u>   | <u>(1,140)</u>        |
| General revenues:                 |                       |                             |   |  |                       |
| Investment earnings               |                       |                             |   | 820  | -                     |
| Total General Revenues            |                       |                             |   | <u>820</u>   | <u>-</u>              |
| Change in Net Position            |                       |                             |   | 691,600  | (1,140)               |
| Net Position - September 30, 2014 |                       |                             |   | (9,703,974)  | 1,356                 |
| Net Position - September 30, 2015 |                       |                             |   | <u>\$ (9,012,374)</u>                                      | <u>\$ 216</u>         |

See accompanying notes to financial statements.

**Westside Community Development District  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2015**

|   | Governmental Funds |                               |                               |                          |                          | Total<br>Governmental<br>Funds |
|---|--------------------|-------------------------------|-------------------------------|--------------------------|--------------------------|--------------------------------|
|   | General            | Debt<br>Service<br>2005 Bonds | Debt<br>Service<br>2007 Bonds | Capital<br>Projects 2005 | Capital<br>Projects 2007 |                                |
| <b>ASSETS</b>   |                    |                               |                               |                          |                          |                                |
| Cash  | \$ 341,679         | \$ -                          | \$ -                          | \$ -                     | \$ -                     | \$ 341,679                     |
| Special assessments receivable  | 1,292              | 1,669                         | 1,937                         | -                        | -                        | 4,898                          |
| Legal settlements receivable  | 42,919             | 136,376                       | 48,277                        | -                        | -                        | 227,572                        |
| Prepaid expenses  | 13,507             | -                             | -                             | -                        | -                        | 13,507                         |
| Due from other funds  | -                  | 68,188                        | 24,139                        | -                        | -                        | 92,327                         |
| Restricted assets:  |                    |                               |                               |                          |                          |                                |
| Investments, at fair value  | -                  | 3,241,062                     | 2,219,681                     | 390                      | -                        | 5,461,133                      |
| Cash  | -                  | -                             | -                             | -                        | 27,675                   | 27,675                         |
| Total Assets  | <u>\$ 399,397</u>  | <u>\$ 3,447,295</u>           | <u>\$ 2,294,034</u>           | <u>\$ 390</u>            | <u>\$ 27,675</u>         | <u>\$ 6,168,791</u>            |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES, AND FUND BALANCES</b>      |                    |                               |                               |                          |                          |                                |
| <b>LIABILITIES</b>  |                    |                               |                               |                          |                          |                                |
| Accounts payable and accrued expenses   | \$ 3,732           | \$ 60,269                     | \$ 15,001                     | \$ -                     | \$ -                     | \$ 79,002                      |
| Due to other funds  | 92,327             | -                             | -                             | -                        | -                        | 92,327                         |
| Due to developer  | 42,878             | -                             | -                             | -                        | -                        | 42,878                         |
| Matured interest payable  | -                  | 4,334,963                     | 5,281,560                     | -                        | -                        | 9,616,523                      |
| Matured principal payable   | -                  | 1,775,000                     | 775,000                       | -                        | -                        | 2,550,000                      |
| Total Liabilities   | <u>138,937</u>     | <u>6,170,232</u>              | <u>6,071,561</u>              | <u>-</u>                 | <u>-</u>                 | <u>12,380,730</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                    |                               |                               |                          |                          |                                |
| Deferred settlement revenue   | 42,919             | 136,376                       | 48,277                        | -                        | -                        | 227,572                        |
| <b>FUND BALANCES</b>  |                    |                               |                               |                          |                          |                                |
| Nonspendable - Prepaid expenses   | 13,507             | -                             | -                             | -                        | -                        | 13,507                         |
| Restricted for capital projects   | -                  | -                             | -                             | 390                      | -                        | 390                            |
| Unassigned  | 204,034            | (2,859,313)                   | (3,825,804)                   | -                        | 27,675                   | (6,453,408)                    |
| Total Fund Balances   | <u>217,541</u>     | <u>(2,859,313)</u>            | <u>(3,825,804)</u>            | <u>390</u>               | <u>27,675</u>            | <u>(6,439,511)</u>             |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <u>\$ 399,397</u>  | <u>\$ 3,447,295</u>           | <u>\$ 2,294,034</u>           | <u>\$ 390</u>            | <u>\$ 27,675</u>         | <u>\$ 6,168,791</u>            |

See accompanying notes to financial statements.

**Westside Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2015**

|   |                              |
|---|------------------------------|
| Total Governmental Fund Balances  | \$ (6,439,511)               |
| Amounts reported for governmental activities in the statement of net assets are different because:  |                              |
| Capital assets not being depreciated (land and improvements (\$11,525,151) and construction in progress (\$727,346) used in governmental activities are not financial resources and therefore, are not reported in the funds.   | 12,252,497                   |
| Capital assets being depreciated (improvements other than buildings (\$726,955), Infrastructure (\$26,259,404) net of accumulated depreciation (\$7,879,741)) used in governmental activities are not financial resources and therefore, are not reported in the funds. | 19,106,618                   |
| Bond discount costs (\$109,438), net of amortization (\$24,725) used in governmental activities are not financial resources and therefore, are not reported in the funds.   | 84,713                       |
| Long-term liabilities, including bonds payable and notes payable are not due and payable in the current period, and therefore are not reported in the funds.  | (31,505,000)                 |
| Certain receivables were not collected within 60 days of year end and thus, are not financial resources and therefore, are reported as deferred inflows of resources at the fund statement level, but they are reflected as revenues at the government wide level.      | 227,572                      |
| Accrued interest expense for long-term debt is not a financial use and; therefore is not reported in the funds.   | <u>(2,739,263)</u>           |
| Net Position of Governmental Activities   | <u><u>\$ (9,012,374)</u></u> |

*See accompanying notes to financial statements.*

**Westside Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2015**

|                                       | <b>Governmental Funds</b> |                                    |                                    |                                  |                                  | <b>Totals<br/>Governmental<br/>Funds</b> |
|---------------------------------------|---------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|--|
|                                       | <b>General</b>            | <b>Debt Service<br/>2005 Bonds</b> | <b>Debt Service<br/>2007 Bonds</b> | <b>Capital<br/>Projects 2005</b> | <b>Capital<br/>Projects 2007</b> |  |
| <b>Revenues</b>                       |                           |                                    |                                    |                                  |                                  |  |
| Special assessments                   | \$ 451,394                | \$ 269,122                         | \$ 312,376                         | \$ -                             | \$ -                             | \$ 1,032,892                             |
| Legal settlements                     | 122,221                   | 2,466,607                          | 1,331,485                          | -                                | -                                | 3,920,313                                |
| Investment earnings                   | 176                       | 350                                | 278                                | -                                | 16                               | 820                                      |
| Total Revenues                        | <u>573,791</u>            | <u>2,736,079</u>                   | <u>1,644,139</u>                   | <u>-</u>                         | <u>16</u>                        | <u>4,954,025</u>                         |
| <b>Expenditures</b>                   |                           |                                    |                                    |                                  |                                  |  |
| Current                               |                           |                                    |                                    |                                  |                                  |  |
| General government                    | 131,743                   | -                                  | -                                  | -                                | 272                              | 132,015                                  |
| Physical environment                  | 268,433                   | -                                  | -                                  | -                                | -                                | 268,433                                  |
| Debt service                          |                           |                                    |                                    |                                  |                                  |  |
| Principal                             | 75,000                    | 340,000                            | 265,000                            | -                                | -                                | 680,000                                  |
| Interest                              | -                         | 963,325                            | 1,070,280                          | -                                | -                                | 2,033,605                                |
| Other debt service                    | -                         | 169,573                            | 170,679                            | -                                | -                                | 340,252                                  |
| Total Expenditures                    | <u>475,176</u>            | <u>1,472,898</u>                   | <u>1,505,959</u>                   | <u>-</u>                         | <u>272</u>                       | <u>3,454,305</u>                         |
| <b>Other financing sources (uses)</b> |                           |                                    |                                    |                                  |                                  |  |
| Transfers in                          | -                         | -                                  | -                                  | -                                | 20,850                           | 20,850                                   |
| Transfers out                         | <u>(20,850)</u>           | <u>-</u>                           | <u>-</u>                           | <u>-</u>                         | <u>-</u>                         | <u>(20,850)</u>                          |
| Total Expenditures                    | <u>(20,850)</u>           | <u>-</u>                           | <u>-</u>                           | <u>-</u>                         | <u>20,850</u>                    | <u>-</u>                                 |
| Net change in fund balances           | 77,765                    | 1,263,181                          | 138,180                            | -                                | 20,594                           | 1,499,720                                |
| Fund Balances - September 30, 2014    | <u>139,776</u>            | <u>(4,122,494)</u>                 | <u>(3,963,984)</u>                 | <u>390</u>                       | <u>7,081</u>                     | <u>(7,939,231)</u>                       |
| Fund Balances - September 30, 2015    | <u>\$ 217,541</u>         | <u>\$ (2,859,313)</u>              | <u>\$ (3,825,804)</u>              | <u>\$ 390</u>                    | <u>\$ 27,675</u>                 | <u>\$ (6,439,511)</u>                    |

See accompanying notes to financial statements.

**Westside 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, 2015**

Net Change in Fund Balances - Total Governmental Funds \$ 1,499,720

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

Governmental funds report capital outlays 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 year. (944,162)

Repayments of bond principal are expenditures in the governmental funds and reduce long-term liabilities in the Statement of Net Assets. 680,000

Governmental funds report bond discounts as an expenditure. However, in the Statement of Activities, this cost is allocated on the effective interest rate as amortization expense. This is the amount of amortization expense in the current period. (3,611)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the governmental funds statements. This is the change in deferred revenues in the current period. 227,572

In the Statement of Activities, interest is accrued on outstanding and matured bonds; whereas in governmental funds, interest expenditures are reported when due. This is the increase in accrued interest from the prior year. (767,919)

Change in Net Position of Governmental Activities \$ 691,600

*See accompanying notes to financial statements.*

**Westside Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended September 30, 2015**

|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|------------------------------------|----------------------------|-------------------------|-------------------|---|
| Revenues                           |                            |                         |                   |   |
| Special assessments                | \$ 681,730                 | \$ 681,730              | \$ 451,394        | \$ (230,336)  |
| Interest                           | -                          | -                       | 176               | 176   |
| Legal settlements                  | -                          | -                       | 122,221           | 122,221   |
| Total Revenues                     | <u>681,730</u>             | <u>681,730</u>          | <u>573,791</u>    | <u>(107,939)</u>  |
| Expenditures                       |                            |                         |                   |   |
| Current                            |                            |                         |                   |   |
| General government                 | 156,698                    | 156,698                 | 131,743           | 24,955  |
| Physical environment               | 525,032                    | 525,032                 | 268,433           | 256,599   |
| Debt Service                       |                            |                         |                   |   |
| Principal payment                  | -                          | -                       | 75,000            | (75,000)  |
| Total Expenditures                 | <u>681,730</u>             | <u>681,730</u>          | <u>475,176</u>    | <u>206,554</u>  |
| Other financing uses               |                            |                         |                   |   |
| Transfers out                      | -                          | -                       | (20,850)          | (20,850)  |
| Net change in fund balances        | <u>-</u>                   | <u>-</u>                | <u>77,765</u>     | <u>77,765</u>   |
| Fund Balances - September 30, 2014 | <u>-</u>                   | <u>-</u>                | <u>139,776</u>    | <u>139,776</u>  |
| Fund Balances - September 30, 2015 | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 217,541</u> | <u>\$ 217,541</u>   |

*See accompanying notes to financial statements.*

**Westside Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**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 created on August 30, 2004, pursuant to Osceola County Ordinance Number 04-34, subsequently amended by Ordinance Number 07-19, and Chapter 190, Florida Statutes. 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 or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or outside the boundaries of the Westside Community Development District. The District is governed by a five-member Board of Supervisors who are elected for two and four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Westside 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 Board Statement Number 14, The Financial Reporting Entity, the District has identified two discretely-presented component units.

The Discretely-presented component units are legally separate entities which did not meet the criteria for blending. One of the component units is reported in separate columns to emphasize that it is legally separate from the District. The component units of the District is as follows:

Westside SPE, LLC – The Company is a special purpose entity (SPE) created by provisions in the Trust Indenture for the Special Assessment Revenue Bonds, Series 2005 and the Special Assessment Revenue Bonds, Series 2007 for the purpose of owning, maintaining, selling or disposing of the property related to the bonds. The Company and its operations, pursuant to an agreement between the Company, the District and the U.S. Bank National Association (the Trustee), are funded from amounts on deposit in the Trust estate. Funds received by the Company are to be remitted to the Trustee and applied in accordance with the Trust Indenture. This entity is included in the accompanying financial statements.

Westside CDD Holdings, LLC - The Company is a special purpose entity (SPE) created by certain provisions in the Trust Indentures of the Series 2005 and Series 2007 Special Assessment Revenue Bonds. The Trustee of this component unit has elected not to provide the District with its financial information.

**Westside Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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

**a. Government-wide Financial Statements**

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 developer contributions and interest. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. 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 another 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.

**Westside Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**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 classifies fund balance according to the 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 the state 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.

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. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

**Westside Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

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 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.

Debt Service Fund 2005 and 2007 Bonds - Accounts for debt service requirements to retire the special assessment revenue bonds which were used, among other things, to retire the debt of the bond anticipation notes and to finance the acquisition and construction of certain master infrastructure improvements within the District.

Capital Projects Fund 2005 and 2007 – The Capital Projects Fund accounts for construction of certain infrastructure improvements within the boundaries of the district.

**Westside Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**b. Non-current Governmental Assets/Liabilities**

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

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Chapter 280, 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;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less held in a qualified public depository.

**b. Restricted Assets**

Certain net position of the District will be classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors.

**Westside Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**c. Capital Assets**

Capital assets, which include infrastructure and construction in progress, are reported in governmental activities.

The District defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

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

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

|                                   |          |
|-----------------------------------|----------|
| Improvements other than buildings | 10 years |
| Infrastructure                    | 30 years |

**d. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. Formal budgets are adopted for the general fund. The legal level of budgetary control is at the fund level. As a result, deficits in the budget variance columns of the accompanying financial statements may occur. All budgeted appropriations lapse at year end.

**Westside Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**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 ((\$6,439,511)) differs from “net position” of governmental activities ((\$9,012,374)) 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 (improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

|                                   |                      |
|-----------------------------------|----------------------|
| Land and improvements             | \$ 11,525,151        |
| Improvements other than buildings | 726,955              |
| Infrastructure                    | 26,259,404           |
| Construction in progress          | 727,346              |
| Accumulated depreciation          | <u>(7,879,741)</u>   |
| Total                             | <u>\$ 31,359,115</u> |

**Long-term debt transactions**

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the Statement of Net Position. Balances at September 30, 2015 were:

|                          |                        |
|--------------------------|------------------------|
| Bonds payable            | \$ (31,290,000)        |
| Note payable             | (215,000)              |
| Bond discount costs      | 109,438                |
| Accumulated amortization | <u>(24,725)</u>        |
| Total                    | <u>\$ (31,420,287)</u> |

**Accrued interest**

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds.

|                  |                       |
|------------------|-----------------------|
| Accrued interest | <u>\$ (2,739,263)</u> |
|------------------|-----------------------|

**Westside Community Development District  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015**

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

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

**Deferred inflows of resources**

Deferred inflows of resources in the Statement of Net Position differ from the amount reported in the governmental funds due to deferred legal settlement revenue. Governmental fund financial statements report revenues which are not available as deferred inflows of resources. However, deferred revenues in governmental funds are susceptible to full accrual in the government-wide financial statements.

|                               |                   |
|-------------------------------|-------------------|
| Deferred inflows of resources | \$ <u>227,572</u> |
|-------------------------------|-------------------|

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

The “net change in fund balances” for government funds (\$1,499,720) differs from the “change in net position” for governmental activities (\$464,028) 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 decrease by the amount of depreciation expense charged for the year.

|              |                     |
|--------------|---------------------|
| Depreciation | \$ <u>(944,162)</u> |
|--------------|---------------------|

**Long-term debt transactions**

Repayments of bond principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

|                                |                   |
|--------------------------------|-------------------|
| Bond principal payments        | \$ 680,000        |
| Amortization of bond discounts | <u>(3,611)</u>    |
| Total                          | <u>\$ 676,389</u> |

**Westside Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**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 (Continued)**

**Long-term debt transactions (Continued)**

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

|  |                     |
|--|---------------------|
| Net change in accrued interest payable | \$ <u>(767,919)</u> |
|--|---------------------|

**Deferred inflows of resources**

Deferred inflows of resources reported in the governmental funds have been recognized as revenues in the current fiscal year in the Statement of Activities.

|                               |                   |
|-------------------------------|-------------------|
| Deferred inflows of resources | \$ <u>227,572</u> |
|-------------------------------|-------------------|

**NOTE C – CASH AND DEPOSITS**

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

**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 follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2015, the District's bank balance was \$380,549 and the carrying value was \$369,354. 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.

As of September 30, 2015, the District had the following investments and maturities:

| Investment                    | Maturities | Fair Value   |
|-------------------------------|------------|--------------|
| Managed Money Market Accounts | N/A        | \$ 5,461,133 |

**Interest Rate Risk**

The formal investment policy of the District conforms with State statutory requirements and bond indentures for investment maturities as a means of managing its exposure to increasing interest rates.

**Westside Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE C – CASH AND DEPOSITS (CONTINUED)**

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.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one investment. The investments in Managed Money Markets are 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2015 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**NOTE D – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2015 was as follows:

|   | Balance<br>October 1,<br>2014 | Additions         | Deletions           | Balance<br>September 30,<br>2015 |
|---|-------------------------------|-------------------|---------------------|----------------------------------|
| <u>Governmental Activities:</u>         |                               |                   |                     |                                  |
| Capital Assets, Not Being Depreciated:  |                               |                   |                     |                                  |
| Land and improvements                   | \$ 10,161,095                 | \$ 1,364,056      | \$ -                | \$ 11,525,151                    |
| Construction in progress                | 2,091,402                     | -                 | 1,364,056           | 727,346                          |
| Total Capital Assets, Not Depreciated   | <u>12,252,497</u>             | <u>1,364,056</u>  | <u>1,364,056</u>    | <u>12,252,497</u>                |
| Capital Assets, Being Depreciated:      |                               |                   |                     |                                  |
| Infrastructure                          | 26,259,404                    | -                 | -                   | 26,259,404                       |
| Improvements other than buildings       | 726,955                       | -                 | -                   | 726,955                          |
| Total Capital Assets, Being Depreciated | 26,986,359                    | -                 | -                   | 26,986,359                       |
| Less Accumulated Depreciation For:      |                               |                   |                     |                                  |
| Infrastructure                          | (6,385,182)                   | (875,313)         | -                   | (7,260,495)                      |
| Improvements other than buildings       | (550,397)                     | (68,849)          | -                   | (619,246)                        |
| Total Accumulated Depreciation          | <u>(6,935,579)</u>            | <u>(944,162)</u>  | <u>-</u>            | <u>(7,879,741)</u>               |
| Total Capital Assets Depreciated, Net   | <u>20,050,780</u>             | <u>(944,162)</u>  | <u>-</u>            | <u>19,106,618</u>                |
| Governmental Activities Capital Assets  | <u>\$ 32,303,277</u>          | <u>\$ 419,894</u> | <u>\$ 1,364,056</u> | <u>\$ 31,359,115</u>             |

Depreciation of \$944,162 was allocated to physical environment.

**Westside Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE E- LONG-TERM DEBT**

The following is a summary of debt activity for the District for the year ended September 30, 2015:

|                                  |                      |
|----------------------------------|----------------------|
| Bonds payable at October 1, 2014 | \$ 31,895,000        |
| Notes payable at October 1, 2014 | 290,000              |
| Principal payments matured       | <u>(680,000)</u>     |
| Debt at September 30, 2015       | <u>\$ 31,505,000</u> |

During the year, the scheduled debt service payments on the Series 2005 Bond, \$1,222,248 and Series 2007 Bond, \$1,437,160 were not paid by the District. This amount is reflected in the balance of matured bonds payable and matured interest payable in the accompanying financial statements.

The District did make an unscheduled debt service payment of \$708,400 which was applied to previously matured principal and interest.

District debt is comprised of the following at September 30, 2015:

**Special Assessment Revenue Bonds, Series 2005**

\$17,525,000 Series 2005 Bonds, interest at 5.65%, maturing thru May 1, 2041, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners. \$ 15,275,000

**Special Assessment Revenue Bonds, Series 2007**

\$17,510,000 Series 2007 Bonds, interest at 7.20%, maturing thru May 1, 2038, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners. 16,015,000

Less bond discount (84,713)

Net Bonds Outstanding \$ 31,205,287

**Note Payable**

\$290,000 note payable to contractor per agreement for work performed for the District, payable over five years with no interest. \$ 215,000

**Westside Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE E- LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the principal and interest of long term debt as of September 30, 2015 are as follows:

| <u>Year Ending<br/>September 30,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|--------------------------------------|----------------------|----------------------|----------------------|
| 2016                                 | \$ 693,750           | \$ 2,016,118         | \$ 2,709,868         |
| 2017                                 | 738,750              | 1,975,618            | 2,714,368            |
| 2018                                 | 783,750              | 1,932,188            | 2,715,938            |
| 2019                                 | 828,750              | 1,885,905            | 2,714,655            |
| 2020                                 | 825,000              | 1,836,693            | 2,661,693            |
| 2021-2025                            | 5,025,000            | 8,322,453            | 13,347,453           |
| 2026-2030                            | 6,925,000            | 6,491,078            | 13,416,078           |
| 2031-2035                            | 9,545,000            | 3,955,045            | 13,500,045           |
| 2036-2038                            | 6,140,000            | 763,338              | 6,903,338            |
| Totals                               | <u>\$ 31,505,000</u> | <u>\$ 29,178,436</u> | <u>\$ 60,468,436</u> |

Summary of Significant Bonds Resolution Terms and Covenants

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2005 AND SERIES 2007**

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

1. Reserve Funds - The 2005 and 2007 Reserve Accounts are funded from the proceeds of the Series 2005 Bonds and the Series 2007 Bonds in an amount equal to the highest remaining debt service payment. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

|   | <u>Reserve<br/>Balance</u> | <u>Reserve<br/>Requirement</u> |
|---|----------------------------|--------------------------------|
| Special Assessment Revenue Bonds, Series 2005 | \$ 564,400                 | \$ 1,181,565                   |
| Special Assessment Revenue Bonds, Series 2007 | 710,590                    | 1,368,385                      |

The District did not make the scheduled principal and interest payments in the current year and the Special Assessment Bonds, Series 2005 and 2007 remain in default.

**Westside Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE F – RISK MANAGEMENT**

The government 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.

**NOTE G – SUBSEQUENT EVENTS**

Subsequent to year end the District made unscheduled debt service payments in an effort to bring its Bonds current. The payments consisted of the following:

**Series 2005**

|               |                    |             |
|---------------|--------------------|-------------|
| April 1, 2016 | Interest payable:  | \$42,022    |
| April 1, 2016 | Principal payable: | \$255,000   |
| May 1, 2016   | Interest payable:  | \$2,846,753 |

**Series 2007**

|               |                   |           |
|---------------|-------------------|-----------|
| April 1, 2016 | Interest payable: | \$217,710 |
| May 1, 2016   | Interest payable: | \$582,300 |



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## 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  
Westside Community Development District  
Osceola County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Westside Community Development District, as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2016.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Westside Community Development District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Westside Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Westside Community Development District's internal control over financial reporting.

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

Fort Pierce  Stuart

Board of Supervisors  
Westside Community Development District

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Westside 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Finding 2011-01

Finding: The District is not in compliance with certain provisions of the Trust Indentures in that the current year debt service payments were not made.

Response: Certain major landowners in the District are in default on special assessments levied and the District has initiated foreclosure litigation for the delinquent assessments. In the current year, the District received settlements relating to foreclosure litigation and subsequent to year end, made additional interest and principal payments on the bonds. The District has also formed a special purpose entity and taken title certain property. The District continues to work with landowners and bondholders to remedy the default.

We noted certain matters that we reported to management of Westside Community Development District in a separate letter dated June 28, 2016.

**Purpose of this Report**

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



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

June 28, 2016



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## MANAGEMENT LETTER

To the Board of Supervisors  
Westside Community Development District  
Osceola County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Westside Community Development District as of and for the year ended September 30, 2015, and have issued our report thereon dated June 28, 2016.

### Auditor's Responsibility

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

### Other 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*. Disclosures in that report, which is dated June 26, 2015, 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 address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. The current status of the prior comments is as follows:

#### Finding 2011-01

The District continues to be unable to make certain scheduled debt service payments and meet debt service reserve requirements on the Series 2005 Special Assessment Revenue Bonds and Series 2007 Special Assessment Revenue Bonds.

#### Management Response

In the current year, the District received settlements from two developers who were in default on special assessments levied. Subsequent to year end, the District made additional interest and principal payments on outstanding bonds. Litigation with another developer resulted in a summary judgment in lieu of foreclosure and created an SPE in accordance with bond covenants. The District continues to work with landowners and bondholders to remedy the default.

Current Status

The District is still not current with the debt service amortization schedule after factoring in the payments made subsequent to year end.

To the Board of Supervisors  
Westside Community Development District

Finding 2012-01

The District reported a fund balance deficit in the Series 2005 Debt Service Fund and Series 2007 Debt Service Fund for which sufficient resources were not available to cover the deficit.

Management Response

Per finding 2012-1 from the District's Fiscal Year 2014 Annual Audit Report, the District has various major landowners who have failed to pay their annual debt service assessments which has caused deficits in both Series 2005 and Series 2007 Debt Service Funds. The District has completed a foreclosure lawsuit on one of the major landowners which resulted in ownership of the property being transferred to a Special Purpose Entity. The property is currently being marketed for resale and upon sale of the property the deficit related to this property will be eliminated. The District has entered into Settlement Agreements with two other major landowners which resulted in the collection of past due assessments and/or deed of property in lieu of foreclosure lawsuit. The District continues to pursue by all legal means to collect the remaining past due assessments. Once collection of past due assessments and/or sale of property obtained through the collection process is complete, the deficits and auditors finding for both Debt Service Funds will be eliminated.

Current Status

Both the 2005 and 2007 Debt Service Funds had an increase in the deficit balance as of September 30, 2015.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Westside Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Westside Community Development District did meet one of the conditions described in Section 218.503(1), Florida Statutes in that the District did not make certain scheduled debt service payments and did not meet debt service reserve requirements.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the Westside 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.

To the Board of Supervisors  
Westside Community Development District

#### Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Westside Community Development District for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

#### Other Matters

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

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

#### 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

June 28, 2016



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

To the Board of Supervisors  
Westside Community Development District  
Osceola County, Florida

We have examined Westside Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2015. Management is responsible for Westside Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Westside 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 Westside 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 Westside Community Development District's compliance with the specified requirements.

In our opinion, Westside Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2015.

*Berger, Toombs, Elam,  
Gaines & Frank*

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June 28, 2016