

Westside Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2018

Westside Community Development District

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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 financial statements of Westside Community Development District as of and for the year ended September 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements 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 audit. We conducted our audit 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

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, 2018, 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, 2018, 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, 2018, 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.

To the Board of Supervisors
Westside Community Development District

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 25, 2019 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.

*Berger Toombs Elam
Gaines + Frank*

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

June 25, 2019

**Westside Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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, 2018**

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, 2018.

- ◆ The District's total assets exceeded total liabilities by \$4,340,805, (net position). Unrestricted net position for Governmental Activities was \$(2,057,853). Net investment in capital assets was \$6,368,814. Restricted net position was \$29,844.
- ◆ Governmental activities revenues totaled \$11,761,186 while governmental activities expenses totaled \$4,665,467.

**Westside Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

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

Net Position

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Current assets	\$ 1,196,225	\$ 891,688
Restricted assets	7,605,449	5,907,151
Capital assets	<u>37,813,129</u>	<u>29,561,750</u>
Total Assets	<u>46,614,803</u>	<u>36,360,589</u>
Current liabilities	10,428,938	9,868,582
Non-current liabilities	<u>31,845,060</u>	<u>29,246,921</u>
Total Liabilities	<u>42,273,998</u>	<u>39,115,503</u>
Net investment in capital assets	6,368,814	2,009,976
Net position - restricted	29,844	27,501
Net position - unrestricted	<u>(2,057,853)</u>	<u>(4,792,391)</u>
Total Net Position	<u>\$ 4,340,805</u>	<u>\$ (2,754,914)</u>

The increase in current assets is mostly the result of the increase in capital reserves in the current year.

The increase in capital assets and net investment in capital assets is primarily the result of the new capital project in the current year.

The increase in current liabilities is mainly related to the increase in accrued interest payable in the current year.

The increase in non-current liabilities is mostly the result of the new debt issued in the current year.

**Westside Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

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

	Change in Net Position	
	Governmental Activities	
	2018	2017
Program Revenues		
Charges for services	\$ 1,325,669	\$ 1,324,736
Grants and contributions	10,348,954	4,062,165
General Revenues		
Investment earnings	81,193	9,916
Miscellaneous revenues	5,370	10,643
Total Revenues	<u>11,761,186</u>	<u>5,407,460</u>
Expenses		
General government	459,188	549,047
Physical environment	1,370,509	1,199,982
Interest on long term debt	<u>2,835,770</u>	<u>2,326,513</u>
Total Expenses	<u>4,665,467</u>	<u>4,075,542</u>
Change in Net Position	7,095,719	1,331,918
Net Position - Beginning of Year	<u>(2,754,914)</u>	<u>(4,086,832)</u>
Net Position - End of Year	<u>\$ 4,340,805</u>	<u>\$ (2,754,914)</u>

The increase in grants and contributions is mostly attributable to an increase in developer contributions related to the capital project in the current year.

The decrease in general government expenses was primarily due to a decrease in the expenditures at the fund level related to the land in default.

The increase in interest is related to the issuance of new debt in the current year.

**Westside Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of 2018 and 2017.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land improvements	\$ 11,741,451	\$ 11,525,151
Improvements other than buildings	726,955	726,955
Infrastructure	36,178,072	27,061,750
Accumulated depreciation	<u>(10,833,349)</u>	<u>(9,752,106)</u>
Total Capital Assets (Net)	<u>\$ 37,813,129</u>	<u>\$ 29,561,750</u>

During the year, \$9,116,322 was added to infrastructure, \$216,300 to land improvements and \$1,081,243 in depreciation was recorded.

General Fund Budgetary Highlights

The budget exceeded actual expenditures for the year primarily because expenditures relating to operating repairs and maintenance and plant replacement were less than expected.

There were no amendments to the September 30, 2018 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 \$875,000 at September 30, 2018. The unmatured balance outstanding at September 30, 2018 was \$14,130,000.

**Westside Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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 \$520,000 at September 30, 2018. The unmatured balance outstanding at September 30, 2018 was \$15,065,000.

In March 2018, the District issued \$3,490,000 Special Assessment Revenue Bonds, Series 2018. The bonds were issued to finance the construction of the 2018 Project. The balance outstanding at September 30, 2018 was \$3,490,000.

In September 2014, the District reached an agreement with a contractor of the prior developer to pay them \$290,000 over five years. In December 2016, in a related claim, the District reached settlement in mediation with Osceola County and the contractor to pay an additional sum of \$50,000 in 2019 and \$25,000 in 2020. The balance remaining at September 30, 2018 was \$128,750.

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 the District made unscheduled interest and principal payments on the Series 2005 and Series 2007 bonds.

Additionally, the District received proceeds in the current year resulting from sales of property held by Westside CDD Holdings, LLC (SPE) and also expects to receive assessments from the new developers allowing the District to fully fund operations and the capital improvements deemed necessary.

Subsequent to year end, the District issued Special Assessment Revenue Bonds, Series 2019 in the amount of \$6,945,000. The District also bifurcated the Series 2005 Bonds into \$6,945,000 Series 2005A-1 and \$2,285,000 Series 2005A-2 Bonds. The Series 2007 Bonds were also bifurcated into \$6,610,000 Series 2007A-1 and \$715,000 Series 2007A-2 Bonds.

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, 2018

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 377,253
Investments	799,530
Due from other governments	5,783
Prepaid expenses	13,659
Total Current Assets	1,196,225
Non-Current Assets	
Restricted:	
Investments	7,578,629
Cash	26,820
Capital Assets Not Being Depreciated:	
Land and improvements	11,741,451
Capital Assets Being Depreciated:	
Improvements other than buildings	726,955
Infrastructure	36,178,072
Less: accumulated depreciation	(10,833,349)
Total Non-Current Assets	45,418,578
Total Assets	46,614,803
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	28,751
Matured interest payable	4,537,056
Matured bonds payable	1,395,000
Accrued interest	3,589,381
Bonds payable - current	825,000
Note payable - current	53,750
Total Current Liabilities	10,428,938
Non-Current Liabilities	
Bonds payable	31,770,060
Note payable	75,000
Total Non-Current Liabilities	31,845,060
Total Liabilities	42,273,998
NET POSITION	
Net investment in capital assets	6,368,814
Restricted for capital projects	29,844
Unrestricted	(2,057,853)
Total Net Position	\$ 4,340,805

See accompanying notes to financial statements.

Westside Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Primary government					
Governmental Activities					
General government	\$ (459,188)	\$ 177,351	\$ -	\$ -	\$ (281,837)
Physical environment	(1,370,509)	512,586	-	6,364,510	5,506,587
Interest and other costs	(2,835,770)	635,732	3,984,444	-	1,784,406
Total Governmental Activities	<u>\$ (4,665,467)</u>	<u>\$ 1,325,669</u>	<u>\$ 3,984,444</u>	<u>\$ 6,364,510</u>	<u>7,009,156</u>
General revenues:					
Investment earnings					81,193
Miscellaneous revenues					5,370
Total General Revenues					<u>86,563</u>
Change in Net Position					7,095,719
Net Position - October 1, 2017					<u>(2,754,914)</u>
Net Position - September 30, 2018					<u><u>\$ 4,340,805</u></u>

See accompanying notes to financial statements.

**Westside Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

	Governmental Funds							Total Governmental Funds
	General	Debt Service 2005 Bonds	Debt Service 2007 Bonds	Debt Service 2018 Bonds	Capital Projects 2005	Capital Projects 2007	Capital Projects 2018	
ASSETS								
Cash	\$ 377,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,253
Investments, at fair value	799,530	-	-	-	-	-	-	799,530
Due from other funds	-	27,730	9,816	-	-	-	-	37,546
Due from other governments	1,729	1,809	2,245	-	-	-	-	5,783
Prepaid expenses	13,659	-	-	-	-	-	-	13,659
Restricted assets:								
Investments, at fair value	-	1,986,220	5,385,015	204,370	397	-	2,627	7,578,629
Cash	-	-	-	-	-	26,820	-	26,820
Total Assets	<u>\$1,192,171</u>	<u>\$ 2,015,759</u>	<u>\$ 5,397,076</u>	<u>\$ 204,370</u>	<u>\$ 397</u>	<u>\$ 26,820</u>	<u>\$ 2,627</u>	<u>\$ 8,839,220</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued expenses	\$ 4,678	\$ 12,037	\$ 12,036	\$ -	\$ -	\$ -	\$ -	\$ 28,751
Due to other funds	37,546	-	-	-	-	-	-	37,546
Matured interest payable	-	1,181,776	3,355,280	-	-	-	-	4,537,056
Matured principal payable	-	875,000	520,000	-	-	-	-	1,395,000
Total Liabilities	<u>42,224</u>	<u>2,068,813</u>	<u>3,887,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,998,353</u>
FUND BALANCES								
Nonspendable:								
Prepaid expenses	13,659	-	-	-	-	-	-	13,659
Restricted:								
Debt service	-	-	1,509,760	204,370	-	-	-	1,714,130
Capital projects	-	-	-	-	397	26,820	2,627	29,844
Assigned:								
Capital reserves	150,996	-	-	-	-	-	-	150,996
Unassigned	985,292	(53,054)	-	-	-	-	-	932,238
Total Fund Balances	<u>1,149,947</u>	<u>(53,054)</u>	<u>1,509,760</u>	<u>204,370</u>	<u>397</u>	<u>26,820</u>	<u>2,627</u>	<u>2,840,867</u>
 Total Liabilities and Fund Balances	 <u>\$1,192,171</u>	 <u>\$ 2,015,759</u>	 <u>\$ 5,397,076</u>	 <u>\$ 204,370</u>	 <u>\$ 397</u>	 <u>\$ 26,820</u>	 <u>\$ 2,627</u>	 <u>\$ 8,839,220</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, 2018

Total Governmental Fund Balances	\$ 2,840,867
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated (land and improvements (\$11,741,451)) used in governmental activities are not current financial resources, and therefore are not reported at the fund level.	11,741,451
Capital assets being depreciated, improvements other than buildings (\$726,955), infrastructure (\$36,178,072) net of accumulated depreciation (\$10,833,349) used in governmental activities are not current financial resources, and therefore are not reported at the fund level.	26,071,678
Bond discount costs (\$126,588), net of accumulated amortization (\$36,648) used in governmental activities are not current financial resources, and therefore are not reported at the fund level.	89,940
Long-term liabilities, including bonds payable and notes payable are not due and payable in the current period, and therefore are not reported at the fund level.	(32,813,750)
Accrued interest expense for long-term debt is not a current financial use and; therefore is not reported at the fund level.	<u>(3,589,381)</u>
Net Position of Governmental Activities	<u><u>\$ 4,340,805</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, 2018

	Governmental Funds							Total Governmental Funds
	General	Debt Service 2005 Bonds	Debt Service 2007 Bonds	Debt Service 2018 Bonds	Capital Projects 2005	Capital Projects 2007	Capital Projects 2018	
Revenues								
Special assessments	\$ 689,937	\$ 283,780	\$ 351,952	\$ -	\$ -	\$ -	\$ -	\$ 1,325,669
Developer contributions	5,545	-	-	-	-	-	6,142,665	6,148,210
Landholder contributions	-	-	3,760,987	-	-	-	-	3,760,987
Legal settlements	-	163,560	59,897	-	-	-	-	223,457
Investment earnings	11,889	42,618	26,665	-	5	11	5	81,193
Miscellaneous revenues	5,090	-	-	280	-	-	-	5,370
Total Revenues	712,461	489,958	4,199,501	280	5	11	6,142,670	11,544,886
Expenditures								
Current								
General government	100,084	193,530	165,274	-	-	300	-	459,188
Physical environment	289,266	-	-	-	-	-	-	289,266
Capital outlay	-	-	-	-	-	-	9,116,322	9,116,322
Debt service								
Principal	53,750	405,000	325,000	-	-	-	-	783,750
Interest	-	948,917	1,161,720	31,653	-	-	-	2,142,290
Other debt service	-	48,245	47,804	-	-	-	260,828	356,877
Total Expenditures	443,100	1,595,692	1,699,798	31,653	-	300	9,377,150	13,147,693
Excess/(deficiency) of revenues over/(under) expenditures	269,361	(1,105,734)	2,499,703	(31,373)	5	(289)	(3,234,480)	(1,602,807)
Other financing sources (uses)								
Issuance long-term debt	-	-	-	235,743	-	-	3,254,257	3,490,000
Bond discount	-	-	-	-	-	-	(17,150)	(17,150)
Transfers in	-	5,220	-	-	-	-	-	5,220
Transfers out	-	-	(5,220)	-	-	-	-	(5,220)
Total Other financing Sources/(Uses)	-	5,220	(5,220)	235,743	-	-	3,237,107	3,472,850
Net change in fund balances	269,361	(1,100,514)	2,494,483	204,370	5	(289)	2,627	1,870,043
Fund Balances - October 1, 2017	880,586	1,047,460	(984,723)	-	392	27,109	-	970,824
Fund Balances - September 30, 2018	<u>\$ 1,149,947</u>	<u>\$ (53,054)</u>	<u>\$ 1,509,760</u>	<u>\$ 204,370</u>	<u>\$ 397</u>	<u>\$ 26,820</u>	<u>\$ 2,627</u>	<u>\$ 2,840,867</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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,870,043

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 that depreciation (\$1,081,243) was exceeded by capital outlay (\$9,116,322) and a land donation (\$216,300). 8,251,379

Loan proceeds, net provide current financial resources to governmental funds. However, in the Statement of Net Position, the loan proceeds increase long-term liabilities. This is the amount of net loan proceeds in the current year. (3,472,850)

Repayments of bond principal are expenditures in the governmental funds and reduce long-term liabilities in the Statement of Net Position. 783,750

Governmental funds report bond discounts as an expenditure. However, in the Statement of Activities, this cost is allocated over the bond repayment as amortization. This is the amount of amortization period in the current period. (4,039)

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. (332,564)

Change in Net Position of Governmental Activities \$ 7,095,719

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 681,730	\$ 681,730	\$ 689,937	\$ 8,207
Developer contributions	-	-	5,545	5,545
Investment earnings	200	200	11,889	11,689
Miscellaneous revenues	-	-	5,090	5,090
Total Revenues	<u>681,930</u>	<u>681,930</u>	<u>712,461</u>	<u>30,531</u>
Expenditures				
Current				
General government	197,012	197,012	100,084	96,928
Physical environment	484,918	484,918	289,266	195,652
Debt Service				
Principal	-	-	53,750	(53,750)
Total Expenditures	<u>681,930</u>	<u>681,930</u>	<u>443,100</u>	<u>238,830</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>269,361</u>	<u>269,361</u>
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>880,586</u>	<u>880,586</u>
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,149,947</u>	<u>\$ 1,149,947</u>

See accompanying notes to financial statements.

Westside Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on 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, Florida Statutes.

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, the District has identified two component units.

The Discretely-presented component units are legally separate entities which did not meet the criteria for blending. The component units of the District is as follows:

Westside SPE, 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 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 ceased operations during the year. The SPE is still in existence, however, it had no activity and is not reflected in the 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, 2018

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, 2018

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, 2018

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, 2007 and 2018 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, 2007 and 2018 – 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, 2018

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.

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, 2018

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, 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.

e. Unamortized Bond Discounts

Bond discounts associated with the issuance of revenue bonds are amortized according to the straight line method of accounting. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

Westside Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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

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

“Total fund balances” of the District’s governmental funds (\$2,840,867) differs from “net position” of governmental activities (\$4,340,805) 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	\$ 11,741,451
Improvements other than buildings	726,955
Infrastructure	36,178,072
Accumulated depreciation	<u>(10,833,349)</u>
Total	<u>\$ 37,813,129</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, 2018 were:

Bonds payable	\$ (32,685,000)
Note payable	(128,750)
Bond discount costs	126,588
Accumulated amortization	<u>(36,648)</u>
Total	<u>\$ (32,723,810)</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>\$ (3,589,381)</u>
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Westside Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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

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

The “net change in fund balances” for government funds (\$1,870,043) differs from the “change in net position” for governmental activities (\$7,095,719) 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	\$	(1,081,243)
Land donation		216,300
Capital outlay		9,116,322
Total		\$ 8,251,379

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.

Note payable payments	\$	53,750
Bond principal payments		730,000
Amortization of bond discounts		(4,039)
Total		\$ 779,711

The issuance of new debt provides current financial resources to governmental funds, but the issuance of new debt increases long-term liabilities

Proceeds from note payable	\$	(3,490,000)
Bond discount		17,150
Net proceeds		\$ (3,472,850)

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	\$	(332,564)
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**Westside Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE C – CASH AND INVESTMENTS

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, 2018, the District's bank balance was \$747,017 and the carrying value was \$404,073. 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, 2018, the District had the following investments and maturities:

Investment	Maturities	Fair Value
Fidelity Government Portfolio Class III	36 days*	\$ 7,371,632
Managed Money Markets	N/A	206,997
State Board of Administration Florida Prime	33 days*	799,530
Total		<u>\$ 8,378,159</u>

*Maturities are a weighted average maturity.

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

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

Based on the criteria in the preceding paragraph, the Fidelity Government Portfolio Class III and Managed Money Market investments listed above are Level 1 assets.

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, 2018**

NOTE C – CASH AND INVESTMENTS (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. As of September 30, 2018, the District's investments in Fidelity Government Portfolio Class III and the State Board of Administration Florida Prime were rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one investment. The investments in Fidelity Government Portfolio Class III are 88% of the District's total investments and Managed Money Markets are 10% of the District's total investments. The remaining 2% of the District's total investments are in the Florida Prime.

The types of deposits and investments and their level of risk exposure as of September 30, 2018 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, 2018 was as follows:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land and improvements	\$ 11,525,151	\$ 216,300	\$ -	\$ 11,741,451
Capital Assets, Being Depreciated:				
Infrastructure	27,061,750	9,116,322	-	36,178,072
Improvements other than buildings	726,955	-	-	726,955
Total Capital Assets, Being Depreciated	27,788,705	9,116,322	-	36,905,027
Less Accumulated Depreciation For:				
Infrastructure	(9,061,695)	(1,079,320)	-	(10,141,015)
Improvements other than buildings	(690,411)	(1,923)	-	(692,334)
Total Accumulated Depreciation	(9,752,106)	(1,081,243)	-	(10,833,349)
Total Capital Assets Depreciated, Net	18,036,599	8,035,079	-	26,071,678
Governmental Activities Capital Assets	\$ 29,561,750	\$ 8,251,379	\$ -	\$ 37,813,129

Depreciation of \$1,081,243 was charged to physical environment.

**Westside Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE E – LONG-TERM DEBT

The following is a summary of debt activity for the District for the year ended September 30, 2018:

Bonds/notes payable at October 1, 2017	\$ 30,107,500
Additions to bonds payable	3,490,000
Principal payments	<u>(783,750)</u>
Bonds/notes payable at September 30, 2018	<u>\$ 32,813,750</u>

During the year, the scheduled debt service payments on the Series 2005 Bond and Series 2007 Bond, \$879,459 and \$1,468,720, respectively, were not paid by the District. These amounts are reflected in the balance of matured bonds payable and matured interest payable in the accompanying financial statements.

The District did make unscheduled debt service payments on the Series 2007 Bond of \$2,031,600 and \$684,200 which was applied to previously matured interest payable.

District debt is comprised of the following at September 30, 2018:

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. \$ 14,130,000

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. 15,065,000

Special Assessment Revenue Bonds, Series 2018

\$3,490,000 Series 2018 Special Assessment Revenue Bonds due in annual principal installments beginning in May 2019 through May 2048. Interest from 5.00% to 5.20% due May 1 and November 1 starting in May 2019. 3,490,000

Less bond discount, net (89,940)

Net Bonds Outstanding \$ 32,595,060

Note Payable

\$365,000 note payable to contractor per agreement for work performed for the District, payable over seven years with no interest. \$ 128,750

Westside Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE E – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of long term debt as of September 30, 2018 are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 825,000	\$ 2,063,955	\$ 2,888,955
2020	880,000	2,012,243	2,892,243
2021	935,000	1,957,068	2,892,068
2022	1,000,000	1,898,320	2,898,320
2023	1,060,000	1,835,468	2,895,468
2024-2028	6,450,000	8,081,750	14,531,750
2029-2033	8,870,000	5,754,673	14,624,673
2034-2038	10,890,000	2,539,785	13,429,785
2039-2043	775,000	385,060	1,160,060
2044-2048	1,000,000	161,200	1,161,200
Totals	<u>\$ 32,685,000</u>	<u>\$ 26,689,522</u>	<u>\$ 59,374,522</u>

Summary of Significant Bonds Resolution Terms and Covenants

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2005, SERIES 2007 AND SERIES 2018

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, 2007 and 2018 Reserve Accounts are funded from the proceeds of the Series 2005 Bonds, the Series 2007 Bonds and the Series 2018 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.

	Reserve Balance	Reserve Requirement
Special Assessment Revenue Bonds, Series 2005	\$ 565,968	\$ 1,163,894
Special Assessment Revenue Bonds, Series 2007	\$ 713,527	\$ 1,315,003
Special Assessment Revenue Bonds, Series 2018	\$ 115,065	\$ 115,065

Westside Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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, in March 2019, the District issued Special Assessment Revenue Bonds, Series 2019 in the amount of \$6,945,000. Proceeds of the Series 2018 Bonds will fund the acquisition of a portion of the public infrastructure improvement associated with Solara Phase 2.

In April 2019, the District bifurcated the Series 2005 Bonds by issuing \$6,945,000 Series 2005A-1 Bonds and \$2,285,000 Series 2005A-2 Bonds and \$500,000 of the Series 2005 Bonds will remain outstanding. After the bifurcation \$3,425,000 of Series 2005 Bonds were cancelled. It is anticipated that the \$500,000 of Series 2005 Bonds still outstanding will be cancelled by April 1, 2022.

In April 2019, the District bifurcated the Series 2007 Bonds by issuing \$6,610,000 Series 2007A-1 Bonds and \$715,000 Series 2007A-2 Bonds and \$500,000 of the Series 2007 Bonds will remain outstanding. After the bifurcation \$6,210,000 of Series 2005 Bonds were cancelled. It is anticipated that the \$500,000 of Series 2007 Bonds still outstanding will be cancelled by April 1, 2022.



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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, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2019.

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.



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*.

We noted certain matters that we reported to management of Westside Community Development District in a separate letter dated June 25, 2019.

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 25, 2019



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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, 2018, and have issued our report thereon dated June 25, 2019.

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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 25, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The current status of the prior findings 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 a developer who was in default on special assessments levied and made unscheduled 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. During the current year, property held by the SPE was sold and a portion of the proceeds was provided to the District as landholder contributions. The District continues to work with landowners and bondholders to remedy the default.

Fort Pierce / Stuart

To the Board of Supervisors
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Current Status

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

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 2012-01 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 was sold in the current year and a portion of the proceeds was provided to the District as contributions resulting in a fund balance surplus in the Series 2005 Bonds. 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 to the SPE in lieu of foreclosure lawsuit. Once collection of assessments and/or sale of property by the SPE per the settlement agreement is complete, the deficits and auditors finding for both Debt Service Funds will be eliminated.

Current Status

The 2005 Debt Service Fund reported a fund balance deficit in the current year. However, the Series 2007 Debt Service Fund had a fund balance surplus as of September 30, 2018.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not 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 for Westside Community Development District. It is management's responsibility to monitor 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.

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.



To the Board of Supervisors
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Additional Matters

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 25, 2019



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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, 2018. 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, 2018.

*Berger Toombs Elam
Gaines & Frank*

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

June 25, 2019