



Seat 1 - Chad Ritch, Supervisor
Seat 2 - Jim Sprung, Vice Chairman
Seat 3 - Lester Coggins, Chairman
Seat 4 - Ken Stoff, Supervisor
Seat 5 - Gerry Andrews, Supervisor

Monthly Board Meetings are held at:

District Office Board Room
984 Old Mill Run The Villages, FL 32162
The Villages, Florida 32162

AGENDA

February 14, 2019

11:00 AM

Notice to Public: Audience Comments on all issues will be received by the Board.

1. Call to Order
 - A. Roll Call
 - B. Pledge of Allegiance
 - C. Observation of Moment of Silence
 - D. Welcome Meeting Attendees
 - E. Audience Comments

NEW BUSINESS:

2. Approval of the Minutes

Approval of the Minutes for the Meeting held on January 17, 2019.
3. Acceptance of Audit Report for Fiscal Year 2017-2018

The annual audit of the financial statements for the Brownwood Community Development District for the Fiscal Year ending September 30, 2018, is complete and a copy is attached.
4. Approval of FY 19-20 Budget Calendar

Request Board approval of dates to approve the Proposed Budget at the board meeting on June 6, 2019 and a Public Hearing to adopt the Final Budget followed by the Board's adoption of the Final Budget on September 5, 2019.
5. Operating Policies and Procedures

INFORMATIONAL ITEMS ONLY:

6. Financial Statements

Budget to Actual Statements as of December 31, 2018

REPORTS AND INPUT:

7. District Manager Reports

8. District Counsel Reports
9. Supervisor Comments
10. Adjourn

HOSPITALITY * STEWARDSHIP * CREATIVITY * HARD WORK

NOTICE

Each person who decides to appeal any action taken at these meetings is advised that person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based. Audio recordings of Board meetings, workshops or public hearings are available for purchase per Florida Statute 119.07 through the District Clerk for \$1.00 per CD requested. Any person requiring special accommodations at this meeting because of a disability or physical impairment should contact the District Office at (352) 751-3939 at least five calendar days prior to the meeting.



AGENDA REQUEST

TO: Board of Supervisors
Brownwood Community Development District

FROM: Jennifer McQueary, District Clerk

DATE: 2/14/2019

SUBJECT: **Approval of the Minutes**

ISSUE: Approval of the Minutes for the Meeting held on January 17, 2019.

ANALYSIS/INFORMATION: Staff requests approval of the Minutes for the Meeting held on January 17, 2019.

STAFF RECOMMENDATION: Staff recommends approval of the Minutes for the Meeting held on January 17, 2019.

MOTION:

Motion to approve the Minutes for the Meeting held on January 17, 2019.

ATTACHMENTS:

| Description | Type |
|--------------------|------------|
| □ January 17, 2019 | Cover Memo |

**MINUTES OF MEETING
BROWNWOOD COMMUNITY
DEVELOPMENT DISTRICT**

A Meeting of the Board of Supervisors of Brownwood Community Development District was held on Thursday, January 17, 2019 at 11:00 a.m. in the District Office Large Conference Room, 984 Old Mill Run, The Villages Florida, 32162.

Board members present and constituting a quorum:

| | |
|----------------|---------------|
| Lester Coggins | Chairman |
| Jim Sprung | Vice Chairman |
| Chad Ritch | Supervisor |
| Ken Stoff | Supervisor |
| Gerry Andrews | Supervisor |

Staff Present:

| | |
|-------------------|---|
| Richard Baier | District Manager |
| Kenny Blocker | Assistant District Manager |
| Valerie Fuchs | District Counsel |
| Diane Tucker | Administrative Operations Manager |
| Sam Wartinbee | District Property Management Director |
| Anne Hochsprung | Finance Director |
| Brittany Wilson | Director of Technology and Board Services |
| Jennifer McQueary | District Clerk |
| Candice Harris | Deputy District Clerk |

FIRST ORDER OF BUSINESS:

Call to Order

A. Roll Call

Chairman Coggins called the meeting to order at 11:00 a.m. and stated for the record that all Supervisors were present representing a quorum.

B. Pledge of Allegiance

Chairman Coggins led the Pledge of Allegiance.

C. Observation of a Moment of Silence

The Board observed a moment of silence for those who have served our Country and their community.

D. Welcome Meeting Attendees

The Board welcomed all those residents in attendance.

E. Audience Comments

No audience comments were received.

CONSENT AGENDA:

Chairman Coggins advised the Board that a motion to approve the Consent Agenda is a motion to approve all recommended actions. All matters on the Consent Agenda are considered routine and no discussion will occur unless desired by a Supervisor or a member of the public.

On MOTION by Ken Stoff, seconded by Jim Sprung, with all in favor, the Board took formal action on the following items included on the Consent Agenda:
SECOND ORDER OF BUSINESS: Approved the Minutes for the Board Meeting held on November 15, 2018.
THIRD ORDER OF BUSINESS: Adoption of Resolution 19-03 updating the list of signatories on the District's bank accounts.
FOURTH ORDER OF BUSINESS: Adoption of Resolution 19-05 to amend the Fiscal Year 2018-19 to carryforward \$39,667 for the identified projects.

FIFTH ORDER OF BUSINESS:

Revised District Investment Policy

Kenny Blocker, Assistant District Manager, advised that the Investment Advisory Committee (IAC) has recommended revisions to the Districts' Investment Policies to provide for a 1-5 structured bond portfolio as an investment option if advantageous to the Districts, and to change the Investment Policy benchmarks which will no longer be fund specific but based on strategy. Staff is requesting that the Committee recommend adoption of the Revised District Investment Policy.

ON MOTION by Ken Stoff, seconded by Jim Sprung, with all in favor, the Board Approved the Adoption of Resolution No. 19-02 Brownwood Community Development District Investment Policy.

SIXTH ORDER OF BUSINESS:

Financial Statements

The Financial Statements as of November 30, 2018 were provided as information to the Board.

SEVENTH ORDER OF BUSINESS:

Staff Reports

A. FEMA Update

Kenny Blocker, Assistant District Manager, advised that the District has begun receiving a second round of requests for information relating to the request for reimbursement submitted with Federal Emergency Management Agency (FEMA) for expenditures relating to debris cleanup following Hurricane Irma, which Staff and the Districts' Consultants are responding to, and are providing the necessary clarification of authorities and operations of the Village Community Development Districts. An overview of the claims submitted for the District, the anticipated reimbursement to be received, and the actual reimbursements have been provided as information.

Future Technology Initiatives

B. Future Technology Initiatives

Brittany Wilson, Director of Technology and Board Support Services, advised that at their November 2018 meetings, the Village Center Community Development District and the North Sumter County Utility Dependent District Boards approved moving forward with three new software initiatives for asset management, financial management and document management. While these programs are not under the purview of the residential Boards and committees, there will be long term benefits achieved by each District.

The following overview was provided;

Mr. Baier stated that as part of the reorganization of the District that occurred in July of 2018, District Management had provided an overview of the importance and the necessity to advance the Districts' technology to more efficiently and effectively manage the infrastructure and its resources, and although not directly under the purview of this Board, Mr. Baier requested that Brittany Wilson,

Director of Technology and Board Support Services, provide an overview of the Asset Management System and other technology advances.

Brittany Wilson, Director of Technology and Board Support Services, advised that at their November 2018 meetings, the Village Center Community Development District and the North Sumter County Utility Dependent District Boards approved moving forward with three new software initiatives for asset management, financial management and document management. While these programs are not under the purview of the residential Boards and committees, there will be long term benefits achieved by each District.

The following overview was provided;

CityWorks Asset Management

Collectively, the vertical and horizontal assets of the District are approaching \$2 billion, and include recreation facilities, parks, golf courses, postal facilities, gates and water/wastewater utility infrastructure.

The District currently has asset management related data stored in multiple, disconnected databases and file cabinets with a heavy reliance on Microsoft Excel to consolidate and bring data together. The addition of a true asset management system will allow us to fully maximize the value of assets by providing us the ability to more effectively monitor utilization, consolidate maintenance and repair history, forecast preventative maintenance and increase resident engagement.

The CityWorks system works in conjunction with a geographic information system (GIS). GIS is developed in digital layers which allows an organization to geographically review and identify detailed data for a specific area or building – from work orders to equipment maintenance schedules to contracts. This function will also significantly benefit staff and the general public with regard to reporting maintenance concerns for an exact area pinpointed on a map. Sumter County currently maintains and supports GIS data for municipalities in the county and has offered the same services to the District. An agreement to outline this service is forthcoming and will result in a significant cost savings to the District and avoids duplication of services.

This is a multi-phase project that will be developed over a few years, with the initial focus on the water and waste water utility infrastructure. Additional infrastructure that will be added in the future includes recreational amenities, sign walls, signage, roadways and stormwater management areas.

BS&A Financial Management System

In 2015, the Village Center Community Development District approved a contract with BS&A Software for the implementation of the Billing, Collection and customer Service System. The RFP process and BS&A response to the RFP included additional modules that could be discussed and negotiated at a later date. The additional modules that are being accomplished in the second phase include multiple financial elements, budget module and a purchasing module.

The District is entrusted to collectively manage in excess of \$344 million dollars. The management of these funds is currently accomplished through numerous standalone systems and manual, paper driven processes. The BS&A modules will result in numerous efficiencies and electronic work flow features to improve internal processes.

For example, Finance Department staff currently manually enters in upwards of 150 monthly recurring journal entries each month. In addition to the manual entry, the information is then printed out and delivered to a Manager for approval. The new BS&A system will provide the ability to use recurring journal entries by inputting a single entry which is then replicated in the system each month and electronically approved.

Purchase orders are also tracked and managed manually as the existing system does not permit the encumbrance of funds. This manual process results in staff reviewing a purchase order each time an associated purchase is made to ensure adequate funds are available. The new BS&A system will electronically route purchase orders from inception to approval, and funds are automatically encumbered.

LaserFiche Document Management System

The District currently utilizes an electronic document management system known as Docusphere. This program electronically stores and organizes data such as paid invoices and copies of issued checks. The version of Docusphere being utilized is hosted on a server which is no longer supported by Microsoft, so it was necessary for the District to research and identify a new system. The Laserfiche software fully integrates with BS&A and will allow us to maximize the function of the system. The benefits of Laserfiche include intelligent scanning software with built in optical character

recognition (OCR) capabilities, a customizable workflow system to automate manual processes and reduce paper, as well as a web-based interface for access.

Ms. Wilson responded to inquiries from the Board Supervisors.

EIGHTH ORDER OF BUSINESS

District Counsel Reports

There were no District Counsel Reports.

NINTH ORDER OF BUSINESS

Supervisor Comments

There were no Supervisor Comments.

TENTH ORDER OF BUSINESS

Adjourn

The meeting was adjourned at 11:14 a.m.

| |
|---|
| ON MOTION by Gerry Andrews, seconded by Jim Sprung, the Meeting was adjourned. |
|---|

Richard J. Baier
Secretary

Lester Coggins
Chairman



AGENDA REQUEST

TO: Board of Supervisors
Brownwood Community Development District

FROM: Anne Hochsprung, Finance Director

DATE: 2/14/2019

SUBJECT: **Acceptance of Audit Report for Fiscal Year 2017-2018**

ISSUE: The annual audit of the financial statements for the Brownwood Community Development District for the Fiscal Year ending September 30, 2018, is complete and a copy is attached.

ANALYSIS/INFORMATION: The financial statements need to be distributed to those entities that require submission. A representative of the audit firm of Purvis, Gray, and Company, LLP will present the financial statements to the Board for acceptance.

STAFF RECOMMENDATION:

Recommend the Board accept the Audit Report for Fiscal Year 2017 – 2018.

MOTION: Motion to accept the Brownwood Community Development District Audit Report for Fiscal Year 2017 – 2018.

ATTACHMENTS:

| Description | Type |
|-----------------------|------------|
| ▣ BCDD Audit Report | Cover Memo |
| ▣ BCDD Auditor Letter | Cover Memo |



BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Basic Financial Statements

September 30, 2018

(With Independent Auditors' Report Thereon)

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

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ON THE COVER

The cover photograph was submitted by
Lisa Babbitt, Customer & Administrative Support Representative
in the District Customer Service Center.

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Brownwood Community Development District (the District) as of and for the year ended September 30, 2018, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above 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, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 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, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Durvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

The Brownwood Community Development District (the District) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the District's financial activities; and (c) identify changes in the District's financial position and its ability to address the next and subsequent year challenges.

Financial Highlights

Entity-Wide Level

- The assets of the District exceeded its liabilities as of September 30, 2018, by \$15,882,008 (net position). A total 85.6% of the net position is currently invested in capital assets. Unrestricted net position totals \$2,295,156.
- The increase in net position was \$24,208, bringing the total net position to \$15,882,008, up from \$15,857,800 in the previous year.
- Revenues for the year were \$1,797,984, consisting primarily of the maintenance assessment. Expenses for the year were \$1,773,776, comprised primarily of physical environment charges and depreciation expenses.

Fund Level

- At the close of the Fiscal Year, the District's governmental fund reported a fund balance of \$2,295,156, an increase of \$441,253 over the prior year end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Brownwood Community Development District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The **Statement of Net Position** presents information on all of the District's assets and deferred outflows compared to liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Brownwood Community Development District is improving or deteriorating.

The **Statement of Activities** presents information showing how the government's net position changed during the most recent Fiscal Year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected assessments).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by donations, assessments and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government and physical environment services. The District has no business-type activities. The District also has no component units, as all functions are performed by the primary government.

The government-wide financial statements are provided on pages 8-9 of this report.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

The Fund Financial Statements, which report by individual fund, begin on page 10. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Brownwood Community Development District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The single fund of the District is considered a governmental fund. There are no proprietary or fiduciary funds maintained by the District. The fund financial statements present information in more detail than the government-wide financial statements. Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

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

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

The District maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the Brownwood Special Revenue Fund, which is considered to be a major fund.

The District adopts an annual appropriated budget for its Special Revenue Fund. A budgetary comparison statement has been provided for the Special Revenue Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10-14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 15.

Government-wide Financial Analysis

The District's net position as of September 30, 2018, and September 30, 2017, were \$15.882 and \$15.858 million, respectively, representing an increase of \$0.024 million. The District's revenues for the years ended September 30, 2018, and September 30, 2017, were approximately \$1.798 million and \$1.793 million, respectively. The District's expenses for the years ended September 30, 2018, and September 30, 2017, were \$1.774 million and \$1.621 million, respectively.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

Table 1, below, reflects the summary statement of net position for the current year and prior year.

Table 1
Summary Statement of Net Position

| | | Governmental Activities | |
|---|----|--------------------------------|-------------|
| | | September 30, | |
| | | 2018 | 2017 |
| Assets: | | | |
| Current and other assets | \$ | 2,319,816 | 1,923,099 |
| Capital assets, net of accumulated depreciation | | 13,586,852 | 14,003,897 |
| Total assets | | 15,906,668 | 15,926,996 |
| Liabilities: | | | |
| Current and other liabilities | | 24,660 | 69,196 |
| Total liabilities | | 24,660 | 69,196 |
| Net position | | | |
| Net investment in capital assets | | 13,586,852 | 14,003,897 |
| Unrestricted | | 2,295,156 | 1,853,903 |
| Total net position | \$ | 15,882,008 | 15,857,800 |

Most of the District's net position relates to net investments in capital assets, totaling \$13,586,852 (85.6%). Unrestricted net position totals \$2,295,156. The District's liabilities are composed mostly of current trade accounts payable and amounts owed other governments that were liquidated early in Fiscal Year 2019.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

Table 2, below, reflects the summary statement of changes in net position for the current year and prior year.

Table 2
Changes in Net Position

| | Governmental Activities | |
|-----------------------------|--------------------------------|------------------|
| | September 30, | |
| | 2018 | 2017 |
| Revenues: | | |
| Special assessments | \$ 1,747,143 | 1,739,724 |
| Other revenues | 4,873 | 23,919 |
| Investment income | 45,968 | 29,104 |
| Total revenues | <u>1,797,984</u> | <u>1,792,747</u> |
| Expenses: | | |
| General government services | 4,181 | 2,558 |
| Physical environment | 1,356,274 | 1,191,989 |
| Depreciation (unallocated) | 413,321 | 426,577 |
| Total expenses | <u>1,773,776</u> | <u>1,621,124</u> |
| Changes in net position | \$ <u>24,208</u> | <u>171,623</u> |

Revenues

The primary revenue source for the Fiscal Year was the special assessments. Other income includes investment income of \$45,968, an increase over prior year balance of \$29,104.

Expenses

General government expenses of the District were \$4,181 and primarily related to management, legal and administrative costs. Physical environment expenses are mainly for landscaping, irrigation, utilities and maintenance costs and amounted to \$1,356,274 in Fiscal Year 2018, an increase of \$164,285 from 2017. This increase can be seen primarily in building and landscape maintenance. Depreciation expense declined slightly to \$413,321 for the Fiscal Year.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a Fiscal Year. As of the end of Fiscal Year 2018, the District's governmental fund reported an ending fund balance of \$2,295,156, up from \$1,853,903 at the end of the previous year. This will continue to increase as operations continue to expand.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

Major Fund Budgetary Highlights

During the year, there were no changes to the revenue budget from the original to the final budget. There was an increase of \$53,296 in the total appropriations for the Brownwood Special Revenue Fund between the original and final budget in Repairs and Maintenance/landscape and Management fees and other professional services.

Capital Asset and Debt Administration

Capital Assets.

The District's capital assets as of September 30, 2018, and September 30, 2017, amounted to \$13,586,852 and \$14,003,897, respectively. The decrease resulted from the depreciation expenses of \$413,321 and a \$3,724 loss on disposal of land during the Fiscal Year.

Additional information regarding the District's capital assets can be found in Note 3 of the Notes to the Basic Financial Statements.

Long-term Debt.

As of September 30, 2018, the District has no long-term debt.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate in Sumter County where the District is located was 4.3 percent in September 2018 which is a decrease from a rate of 4.7 percent a year ago. The State's average unemployment rate is 3.5 percent and is below the national average rate of 3.7 percent.
- Inflationary trends in the area are comparable to national indices. The national Consumer Price Index (CPI) annual change for all urban consumers changed from 2.23 percent in September 2017 to 2.28 percent in September 2018.

These factors were considered in preparing the District's budget for the 2019 Fiscal Year. In Fiscal Year 2019, revenue of \$1,634,460 is projected, a decrease of \$116,518 from the final budget in the prior year. The decrease is reflected primarily in a decline in the CAM and Road maintenance assessments. Total Fiscal Year 2019 expenditures are projected to be \$1,542,637, an increase of \$59,144 primarily due to the Mill and Overlay project and project wide fees.

Requests for Information

The District's financial statements are designed to present users (residents, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, contact the Village Community Development Districts, Finance Department at 984 Old Mill Run, The Villages, FL 32162; Telephone (352) 753-0421.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

September 30, 2018

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,627,082 |
| Investments | 672,016 |
| Due from other governments | 19,650 |
| Accounts receivable | 1,068 |
| Capital assets: | |
| Non depreciable assets | 1,774,511 |
| Depreciable assets (net of accumulated depreciation) | 11,812,341 |
| Total assets | <u>15,906,668</u> |
| Liabilities | |
| Accounts payable | 20,078 |
| Due to other governments | 4,514 |
| Other current liabilities | 68 |
| Total liabilities | <u>24,660</u> |
| Net position | |
| Net investment in capital assets | 13,586,852 |
| Unrestricted | 2,295,156 |
| Total net position | <u>\$ 15,882,008</u> |

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Activities
Year Ended September 30, 2018

| Functions/Programs | Expenses | Program revenues | | | Net (expense) revenue and changes in net assets | |
|-------------------------------|--------------|----------------------|------------------------------------|----------------------------------|---|------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities | Total |
| Governmental activities: | | | | | | |
| General government | \$ 4,181 | - | - | - | (4,181) | (4,181) |
| Physical environment | 1,356,274 | 1,747,143 | - | - | 390,869 | 390,869 |
| Depreciation (unallocated) | 413,321 | - | - | - | (413,321) | (413,321) |
| Total governmental activities | \$ 1,773,776 | 1,747,143 | - | - | (26,633) | (26,633) |
| General revenues: | | | | | | |
| Miscellaneous revenue | | | | | 4,873 | 4,873 |
| Investment earnings | | | | | 45,968 | 45,968 |
| Total general revenues | | | | | 50,841 | 50,841 |
| Change in net position | | | | | 24,208 | 24,208 |
| Net position – beginning | | | | | 15,857,800 | 15,857,800 |
| Net position – ending | | | | | \$ 15,882,008 | 15,882,008 |

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Balance Sheet – Governmental Fund

September 30, 2018

| | Brownwood Special Revenue Fund |
|-------------------------------------|---|
| Assets: | |
| Cash and cash equivalents | \$ 1,627,082 |
| Investments | 672,016 |
| Due from other governments | 19,650 |
| Accounts receivable | 1,068 |
| Total assets | <u>2,319,816</u> |
| Liabilities: | |
| Accounts payable | 20,078 |
| Due to other governments | 4,514 |
| Other current liabilities | 68 |
| Total liabilities | <u>24,660</u> |
| Fund balances: | |
| Committed for renewal & replacement | 156,007 |
| Unassigned | 2,139,149 |
| Total fund balances | <u>2,295,156</u> |
| Total liabilities and fund balances | <u>\$ 2,319,816</u> |

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position
September 30, 2018

| | | | |
|---|----|--------------------|-----------------------------|
| Total fund balances, governmental fund | | \$ | 2,295,156 |
| Total net position reported for governmental activities in the statement of net position is different because: | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | | |
| Capital assets | \$ | 15,924,793 | |
| Less accumulated depreciation | | <u>(2,337,941)</u> | <u>13,586,852</u> |
| Net position of governmental activities | | | \$ <u><u>15,882,008</u></u> |

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
Year Ended September 30, 2018

| | Brownwood Special Revenue Fund |
|-------------------------------------|---|
| Revenues: | |
| Special assessments | \$ 1,724,078 |
| Rents and leases | 23,065 |
| Miscellaneous revenue | 4,873 |
| Investment earnings | 45,968 |
| Total revenues | <u>1,797,984</u> |
| Expenditures: | |
| Current | |
| General government services | 4,181 |
| Physical environment | <u>1,352,550</u> |
| Total expenditures | <u>1,356,731</u> |
| Net change in fund balances | <u>441,253</u> |
| Fund balances, at beginning of year | <u>1,853,903</u> |
| Fund balances, at end of year | <u><u>\$ 2,295,156</u></u> |

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2018

| | |
|--|------------------|
| Net change in fund balances – total governmental funds | \$ 441,253 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds do not report capital asset activity, however, in the statement of activities the depreciation expense is recorded. | |
| Depreciation expense | (413,321) |
| Loss on disposal of fixed assets | <u>(3,724)</u> |
| Change in net position of governmental activities | <u>\$ 24,208</u> |

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------------|--------------|----------------|----------------------|
| | Original | Final | amounts | final budget |
| Revenues: | | | | |
| Special assessments | \$ 1,724,078 | 1,724,078 | 1,724,078 | - |
| Rents and leases | 20,800 | 20,800 | 23,065 | 2,265 |
| Miscellaneous revenue | - | - | 4,873 | 4,873 |
| Investment earnings | 6,100 | 6,100 | 45,968 | 39,868 |
| Total revenues | 1,750,978 | 1,750,978 | 1,797,984 | 47,006 |
| Expenditures: | | | | |
| Management fees and professional services | 338,423 | 353,423 | 333,120 | 20,303 |
| Accounting and auditing | 4,000 | 4,000 | 4,000 | - |
| Other contractual services | 76,903 | 76,903 | 76,960 | (57) |
| Communication | 100 | 100 | - | 100 |
| Utility service | 89,697 | 89,697 | 68,327 | 21,370 |
| Rentals and leases | 1,188 | 1,188 | 1,190 | (2) |
| Insurance | 59,035 | 59,035 | 51,990 | 7,045 |
| Repairs and maintenance/landscape | 661,887 | 700,183 | 605,593 | 94,590 |
| Other current charges | 216,212 | 216,212 | 211,854 | 4,358 |
| Operating supplies | 500 | 500 | 3,697 | (3,197) |
| Total expenditures | 1,447,945 | 1,501,241 | 1,356,731 | 144,510 |
| Excess of revenues over expenditures | 303,033 | 249,737 | 441,253 | 191,516 |
| Other financing sources: | | | | |
| Transfer in (out) | (35,548) | (35,548) | - | (35,548) |
| Total other financing sources | (35,548) | (35,548) | - | (35,548) |
| Net change in fund balance | 267,485 | 214,189 | 441,253 | 155,968 |
| Fund balances, at beginning of year | 1,853,903 | 1,853,903 | 1,853,903 | - |
| Fund balances, at end of year | \$ 2,121,388 | 2,068,092 | 2,295,156 | 227,064 |

See accompanying notes to basic financial statements.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

Brownwood Community Development District (the District) was established on June 25, 2012, for the purpose of acquiring, operating, and maintaining certain community-wide infrastructure for a commercial community development district located entirely within the City of Wildwood and Sumter County, Florida. The District was created by the City of Wildwood Ordinance No. 02012-20, pursuant to the provisions of Chapter 190.005, Florida Statutes, and operates within the criteria established by Chapter 190. The District is governed by a five-member Board of Supervisors. As of September 30, 2018, each member of the Board of Supervisors is an appointed member selected by the City of Wildwood City Commission.

The District boundary consists of approximately 239.85 acres in the eastern portion of the City and the northeast corner of Sumter County. The land within the District is part of the active adult retirement community known as “The Villages”. The Villages spans approximately 51 square miles across the borders of Lake, Sumter and Marion Counties, the City of Wildwood, the City of Fruitland Park and the Town of Lady Lake, Florida, and when fully developed is expected to include approximately 75,000 residences and 150,000 residents. The Villages of Lake-Sumter, Inc. was the developer and initial owner of the property within the District. The District’s primary purpose is to provide governmental and property maintenance services to this commercial District. The Villages continues to be developed by the developer, a family-owned business established for the single purpose of developing The Villages. Most current development is being performed in District No. 12, southeast of the District.

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

There are no component units that are legally separate from the District. There are fifteen Community Development Districts (CDDs) in the total structure of The Villages, each being a separate government entity established pursuant to Chapter 190, Florida Statutes.

The Developer has formed the following community development districts:

- Village Center CDD (Lake, Marion and Sumter Counties) – This CDD provides water and sewer utility services, recreation services, security services, fire protection, and paramedic services to the residents. The cost of operations is funded by amenity and utility fees that residents pay monthly. This CDD also provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments.
- Sumter Landing CDD (Sumter County) – This CDD provides recreation and security services to the residents. The cost of operations is funded by amenity fees that residents pay monthly. This CDD also provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity (continued)

- Brownwood CDD (Sumter County) – This CDD was established in June 2012 by the City of Wildwood, Florida and is located at the southern end of The Villages. This CDD provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries. The cost of maintenance in the commercial areas will be funded through commercial maintenance assessments as the new downtown area builds out.
- Village CDD No. 1 (Sumter County) – This CDD’s boundary consists of approximately 993 acres in the northeast corner of the county. The development included construction of 3,420 residential units.
- Village CDD No. 2 (Sumter County) – This CDD’s boundary consists of approximately 990 acres in the northeast corner of the county. The development included construction of 3,668 residential units.
- Village CDD No. 3 (Sumter County) – This CDD’s boundary consists of approximately 894 acres in the northeast corner of the county. The development included construction of 3,762 residential units.
- Village CDD No. 4 (Marion County) – This CDD’s boundary consists of approximately 1,253 acres in the southern portion of the county. The development included construction of 5,432 residential units of which 85 remain unsold as of the end of the Fiscal Year.
- Village CDD No. 5 (Sumter County) – This CDD’s boundary consists of approximately 1,407 acres in the northeast corner of the county. The development included construction of 6,399 residential units.
- Village CDD No. 6 (Sumter County) – This CDD’s boundary consists of approximately 1,497 acres in the northeast corner of the county. Planned development included construction of 6,697 residential units of which 1 remains unsold as of the end of the Fiscal Year.
- Village CDD No. 7 (Sumter County) – This CDD’s boundary consists of approximately 976 acres in the northeast corner of the county. The development included construction of 4,765 residential units.
- Village CDD No. 8 (Sumter County) – This CDD’s boundary consists of approximately 1,098 acres in the northeast corner of the county. Planned development includes construction of 5,193 residential units of which 60 remain unsold and are being used as lifestyle preview homes by the Developer.
- Village CDD No. 9 (Sumter County) – This CDD’s boundary consists of approximately 1,299 acres in the northeast corner of the county. The development includes construction of 5,409 residential units.
- Village CDD No. 10 (Sumter County) – This CDD’s boundary consists of approximately 1,489 acres in the northeast corner of the county. Planned development includes construction of 6,639 residential units of which 115 remain unsold as of the end of the Fiscal Year.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity (continued)

- Village CDD No. 11 (Lake County) – This CDD’s boundary consists of approximately 693 acres within the city limits of Fruitland Park in the western portion of Lake County. Planned development includes construction of 2,055 residential units of which 34 remain unsold as of the end of the Fiscal Year.
- Village CDD No. 12 (Sumter County) – This CDD’s boundary consists of approximately 1,483 acres within the city limits of the City of Wildwood in the in the northeast corner of the county. Planned development includes construction of 6,144 residential units of which 4,608 remain unsold as of the end of the Fiscal Year.

Some of these community development districts have issued special assessment revenue bonds to finance various infrastructure improvements in their respective boundaries that are secured by special assessments levied on benefited lands in each district. It is anticipated that additional infrastructure improvements within The Villages will be undertaken by these community development districts and/or community development districts that will be created in the future, for which special assessments may be imposed on residences in The Villages and lands owned by the Developer.

In addition to the above there is one dependent district of Sumter County that is part of the family of Districts that comprise the local government of The Villages.

- North Sumter County Utility Dependent District (NSCUDD) (Sumter and Marion Counties) – The dependent district was established in July 2010 to manage and finance basic potable water, wastewater treatment and reclaimed water services for approximately 7,721 acres of land located in unincorporated Sumter County in The Villages, Florida. The District was created on July 13, 2010, by Sumter County, Florida, in Ordinance No. 2010-10, pursuant to the provisions of Chapter 189 of the Florida Statutes, and operates within the criteria established by Chapter 189. The service area of NSCUDD was expanded to include solid waste collection services for the entire Sumter County portion of The Villages. The City of Wildwood and Marion County entered into interlocal agreements with the District on November 20, 2012, authorizing the District to provide solid waste collection services in portions of their jurisdictions, including Brownwood District and District No. 4.

(b) Basic Financial Statements

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements.

The financial reporting model focus is on either the District as a whole, or major individual funds. The government-wide statement of net position reports the governmental activities of the District (a) on a government-wide basis and (b) on a full accrual basis, using the economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The statement of net position also addresses deferred inflows

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
Notes to Basic Financial Statements
September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(b) Basic Financial Statements (continued)

Government-wide and Fund Financial Statements (continued)

and deferred outflows. The statement of activities reflects the expenses of the District, which are offset by revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function.

The District has a single major fund which is presented in one column on the fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB 34. The single fund of the District, the Brownwood Special Revenue Fund, meets this definition and is designated as a major fund.

Program revenues in the statement of activities consist primarily of special assessment revenues. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets net of accumulated depreciation less outstanding capital asset related debt.

Restricted net position is assets that have third party (statutory, bond covenant or granting agency) or enabling legislation limits on their use. The District would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted net position represents net position not included in net investment in capital assets or restricted net position.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year in which the related debt is issued and the assessments established.

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

Governmental funds report fund balances either as non-spendable or spendable. Spendable balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances. A discussion of each is as follows:

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(c) *Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)*

Non-spendable: Resources that cannot be spent, such as for inventories.

Restricted: Balances that only can be spent for specific purposes imposed by external sources.

Committed: Resources that can only be spent for purposes established by the highest decision making authority in the government.

Assigned: Amounts designated for specific purposes, but does not meet the criteria to be designated restricted or committed.

Unassigned: The residual classification for all remaining funds not contained in other classifications.

The District does not currently use *Non-spendable*, *Restricted*, or *Assigned* categories of fund balance. *Restricted* fund balance is not currently used because the District has no debt. The Board of Supervisors, the highest decision making authority of the District, approves the establishment, increase and reduction in *Committed* fund balances by budget resolutions and amendments. All other fund balances are *Unassigned*. *Committed* fund balance is always used first for the purposes for which they are designated. Changes to this practice require prior Board of Supervisors approval. A minimum fund balance amount has not been formally adopted.

The following is the District's major governmental fund:

Brownwood Special Revenue Fund

The Brownwood Special Revenue Fund is the sole operating fund of the District and is used to account for all financial resources of the general government. As a special purpose government, the responsibilities of Brownwood Community Development District are limited in scope.

The District has no non-major governmental funds.

(d) *Budgetary Data*

Legal authority and control are established in accordance with Section 190.008, Florida Statutes. Annual budgets, as well as subsequent amendments, are adopted and approved for the special revenue fund by the Board of Supervisors. Budgets are adopted on a basis consistent with GAAP. All budget amounts presented in the statements reflect the original budget and the amended final budget.

(e) *Assets, Liabilities, and Net Position*

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition. The District also holds assets that are defined as investments. The District's investments are recorded at fair value unless the investment qualifies as an

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(e) Assets, Liabilities, and Net Position (continued)

1. Deposits and Investments (continued)

external investment pool and follows the guidance in GASB Statement No. 79, which allows the investment to be recorded at amortized cost.

2. Capital Assets

Capital assets are reported in the government-wide financial statements. As defined by the District, capital assets are assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The District values and records donated capital assets at the estimated fair value of the item at the date of its donation.

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

Depreciation of capital assets is computed using the straight-line method and is recorded in general government expenses in the District's statement of activities. Estimated useful lives of the assets are as follows:

| | |
|--|------------|
| Improvements other than buildings and structures | 40 years |
| Furniture and equipment | 5-10 years |

(g) Use of Estimates

The management of the District has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Examples of major areas where estimates are used include the estimate for useful lives of land improvements. Actual results could differ from those estimates.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
Notes to Basic Financial Statements
September 30, 2018

(2) Deposits and Investments

Short-Term Portfolio

As of September 30, 2018, the District had the following deposits and investments:

| Deposits and Investment Type | Fair Value at September 30, 2018 | Weighted Average Maturity (Days) | Credit Rating |
|--|---|---|--------------------------|
| Demand Deposits, CFB | \$ 75,145 | 1.0 | n/a |
| Florida Cooperative Liquid Assets Securities System, FLCLASS | 1,551,937 | 49.0 | AAAm |
| Florida Local Government Investment Trust | 256,199 | 708.1 | AAAf/S1 |
| Florida Fixed Income Trust, FLFIT | 255,602 | 321.2 | AAAf/S1 |
| Total Fair Value | <u>\$ 2,138,883</u> | | |
| Portfolio Weighted Average Maturity (WAM) | | 158.8 | |

Interest Rate Risk. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. GASB 40 requires that interest rate risk be disclosed using one of the five approved methods. The five methods are: segmented time distribution, specific identification, Weighted Average Maturity (WAM), duration, and simulation model. The District has used the WAM method in the above chart. In accordance with the District's short-term investment policy, the government manages its exposure to decline in fair values by limiting the WAM of its investment portfolio to less than three years. The WAM on September 30, 2018, was 158.8 days.

Credit Risk. GASB 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities. Investments may be aggregated by ratings categories within the disclosure. Ratings are set by nationally recognized statistical rating organizations (Fitch, Moody's, and Standard and Poor's (S&P)). Fitch provides the ratings for FMIvT 1-3 Year High Quality Bond Fund, while S&P provides the ratings for the Florida Local Government Investment Trust (FLGIT), Florida Cooperative Liquid Assets Securities System (FLCLASS), and the State Board of Administration, Florida PrimeTM.

Operating cash is maintained with Citizens First Bank, a Qualified Public Depository, pursuant to Chapter 280, Florida Statutes. During the fiscal year, interest of \$1,003 was earned on the deposited funds.

The District's cash equivalents consist of funds placed with the following entities:

- The State Board of Administration (SBA) for participation in the Florida Local Government Investment Pool (Florida PrimeTM) created by Section 218.415, Florida Statutes is an investment pool that operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in the Florida PrimeTM external investment pool are reported at amortized cost. The District recognized \$4 in earnings from Florida PrimeTM during the 2018 Fiscal Year.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Short-Term Portfolio (continued)

Credit Risk (continued)

- Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool and is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. The District's investments in FLCLASS are reported at amortized cost. The District recognized \$30,427 in earnings from FLCLASS during the 2018 Fiscal Year.

The District's short-term investments consist of funds placed with the following entities:

- The Florida League of Cities, Inc. for participation in the Florida Municipal Investment Trust (FMIvT) investment pool is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. The District owns shares in the 1-3 Year High Quality Bond Fund pool operated by the FMIvT. GASB 31 requires all governments to mark to market the unrealized gains and losses incurred in its investments. As of September 30, 2018, the FMIvT had realized gains of \$424 and the account was closed in June 2018.
- The Florida Local Government Investment Trust (FLGIT), a pool sponsored by the Florida Association of Counties and the Florida Court Clerks and Comptrollers is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. GASB 31 requires all governments to mark to market the unrealized gains and losses incurred in its investments. As of September 30, 2018, the FLGIT had unrealized gains of \$1,151. The unrealized gains would only be realized if the underlying shares in the FLGIT pool are sold.
- The Board approved the transfer of funds from Florida Municipal Investment Trust (FMIvT) to Florida Fixed Income Trust (FLFIT) Enhanced Cash Pool account in June 2018. The FL-FIT Enhanced Cash Pool is an authorized investment consistent with Section 218.145 (16)(a), Florida Statutes and the District's short-term investment policy. The District recognized realized gains of \$1,461 and unrealized gains of \$1 during Fiscal Year 2018. The realization of the gain will only occur upon the future sale of the underlying shares.
- In total, the District recognized earnings of \$34,470 on the short-term portfolio during the Fiscal Year.

Concentration of Credit Risk. The District's short-term investment policy requires the diversification of its investment portfolio. Investments may be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer or business sector;
- Limiting investments in securities with higher credit risks;
- Investment in securities with varying maturities; and

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
Notes to Basic Financial Statements
September 30, 2018

(2) Deposits and Investments (Continued)

Short-Term Portfolio (continued)

Concentration of Credit Risk (continued)

- Continuously investing a portion of the portfolio in readily available funds, such as the Florida PrimeTM, money market funds, or overnight repurchase agreements to ensure the appropriate liquidity is maintained to meet ongoing obligations.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District invests its operating cash solely in Qualified Public Depositories that meet the requirements of Chapter 280, Florida Statutes. In addition to protection of up to \$250,000 for its deposits with a single bank as provided by the Federal Deposit Insurance Corporation (FDIC), the District's deposits are provided the extra level of security afforded by using a public depository that meets the requirements of Chapter 280. This includes the provision by the public depository of collateral based on the amount of public deposits maintained at the institution and the ability of the State of Florida to levy other public depositories for shortages in collateral in the event of the failure of a public depository. Citizens First Bank is a Qualified Public Depository.

Custodial Credit Risk - Investments. For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are held in the name of the District by a custodian or a trustee for the District.

Short-Term Investment Policy. The District is authorized to invest in those financial instruments as established by the short-term investment policy of the District. This policy allows investments authorized under Section 218.415, Florida Statutes, amended to include repurchase agreements and prohibiting derivative-type investments. The authorized investments consist of:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01 Florida Statutes.
- Securities and Exchange Commission registered money market mutual funds with the highest credit quality rating from a nationally-recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02 Florida Statutes.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Repurchase agreements with financial institutions approved as public depositors, provided that the underlying collateral consists of obligations of the United States Government, its agencies and instrumentalities. The repurchase agreement shall be collateralized equal to at least 102 percent of the value of the District's investment.

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Short-Term Portfolio (continued)

Fair Value Measurement. The District holds assets that are defined as short-term investments. The District's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1** inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3** inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The following short-term investments are recorded at fair value:

- Florida Fixed Income Trust (FLFIT)
- Florida Local Government Investment Trust (FLGIT).

Under the fair value hierarchy, all of these investments are considered to be Level 2.

The District's holds investments in qualified external investments pools that measure all of its investment at amortized cost for financial reporting purposes. These investments are recorded at amortized cost. The following investments are recorded at amortized costs and are not subject to the fair value hierarchy:

- Florida Cooperative Liquid Assets Securities System (FLCLASS)

None of the pools have limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates.

Long-Term Portfolio

In August of 2014, the District adopted a Long-Term Investment Policy (LTIP). Investments in fixed income and equity mutual funds, and money market funds, as authorized in the LTIP, are reported at fair value as of September 30, 2018, as follows:

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Long-Term Portfolio (continued)

| Long Term Investment Portfolio | Fair Value at September 30, 2018 | Average Maturity (years) | Credit Rating |
|---|--|--------------------------------|------------------|
| Domestic Equity | | | |
| Vanguard Total Stock Market Index | \$ 61,231 | N/A | N/A |
| Ishares S&P 600 Small Cap ETF | 3,490 | N/A | N/A |
| Ishares MSCI US Quality Factor EFT | 3,344 | N/A | N/A |
| International Equity | | | |
| Vanguard Total International Stock Index | 10,339 | N/A | N/A |
| Vanguard International Value | 7,331 | N/A | N/A |
| J. O. Hambro International Select | 8,779 | N/A | N/A |
| Hartford Schroders Emerging Market | 3,188 | N/A | N/A |
| Oppenheimer International Small-Mid Company | 4,382 | N/A | N/A |
| Fixed Income | | | |
| Baird Core Plus | 18,420 | 7.95 | A |
| DoubleLine Core Fixed Income I | 8,338 | 7.09 | A |
| Prudential Total Return | 5,540 | 7.40 | A |
| Vanguard Intermediate-Term Investment Grade | 18,448 | 5.90 | A |
| Vanguard High Yield Corporate | 5,090 | 5.40 | BB |
| Cash Equivalent | | | |
| First American Government Obligation | 2,295 | 24 Days | AAAm |
| Total Fair Value | \$ 160,215 | | |

The District's LTIP allocations seek to have up to 60% in equities with the remainder in fixed income and/or cash and cash equivalents. The District contracts with qualified investment managers to whom authority is delegated to invest and reinvest assets in accordance with the LTIP. The District's LTIP does not place specific limits on maturities. During the current Fiscal Year, the Long-Term Investment Portfolio had an unrealized gain of \$11,498. The realization of the gain will only occur from the future sale of underlying shares in the portfolio.

Interest Rate Risk. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The District's LTIP addresses managing its exposure for changes in interest rate through maintaining diversification of its investments to minimize the impact of downturns in the market.

Credit Risk. GASB 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, fixed income mutual funds, money market funds, and other pooled investments of fixed income securities. The District's LTIP stipulates that the average credit rating of the overall fixed income portfolio should be investment grade, based on

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Long-Term Portfolio (continued)

Credit Risk (continued)

the rating of one Nationally Recognized Statistical Rating Organization (NRSRO), such as Fitch, Moody's, Standard and Poor's (S&P), etc.

Concentration of Credit Risk. The District's LTIP requires the diversification of its portfolio. The LTIP contains an Asset Allocation Target with the objective of achieving an average total rate of return that is equal to or greater than the portfolio's target rate of return over the long-term. The Asset Allocation Targets are as follows:

| <u>Asset Classes</u> | <u>Asset Weightings</u> | |
|---------------------------|-------------------------|---------------|
| | <u>Range</u> | <u>Target</u> |
| Growth Assets | | |
| Domestic Equity | 20% - 60% | 40% |
| International Equity | 0% - 40% | 20% |
| Other | 0% - 20% | 0% |
| Income Assets | | |
| Fixed Income | 20% - 60% | 40% |
| Other | 0% - 20% | 0% |
| Real Return Assets | 0% - 20% | 0% |
| Cash Equivalents | 0% - 20% | 0% |

Custodial Credit Risk - Investments. For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are held in the name of the District by a custodian or a trustee for the District.

Long-Term Investment Policy. The District is authorized to invest in those financial instruments as established by the LTIP of the District. The LTIP was developed in accordance with Section 218.415, Florida Statutes, and prohibits direct investment in derivative-type investments. The authorized investments consist of:

- Domestic and International Equities
- Fixed Income Securities
- Other Assets (Alternatives)
 - Real Estate Investment Trust (REIT)
 - Treasury Inflation Protected Securities (TIPS)
 - Cash Equivalents

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Long-Term Portfolio (continued)

Long-Term Investment Policy (continued)

The objectives of the LTIP are to diversify investments in order to minimize the impact of large losses from individual investments; provide funding for anticipated withdrawals; enhance the value of the portfolio in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile; minimize principal fluctuations over the time horizon (five years or longer); and to achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the performance expectation (an average total annual rate of return that is equal to or greater than the portfolio's hurdle rate of 5%).

The time horizon for the LTIP is five years or longer.

Foreign Currency Risk. The District's LTIP does not allow for direct investments in foreign currency.

Fair Value Measurement. The District holds assets that are defined as long-term investments. The District's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79. All of the long-term investments are recorded at fair value.

Under the fair value hierarchy, all of these investments are considered to be Level 2.

(3) Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental activities | | | | |
| Assets not being depreciated: | | | | |
| Land | \$ 947,233 | - | (3,724) | 943,509 |
| Works of art | 831,002 | - | - | 831,002 |
| Total assets not being depreciated | <u>1,778,235</u> | <u>-</u> | <u>(3,724)</u> | <u>1,774,511</u> |
| Assets being depreciated: | | | | |
| Buildings and structures | 1,554,046 | - | - | 1,554,046 |
| Furniture & equipment | 137,828 | - | - | 137,828 |
| Infrastructure | 12,458,408 | - | - | 12,458,408 |
| Total assets being depreciated | <u>14,150,282</u> | <u>-</u> | <u>-</u> | <u>14,150,282</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | (197,493) | (38,851) | - | (236,344) |
| Furniture & equipment | (116,771) | (21,057) | - | (137,828) |
| Infrastructure | <u>(1,610,356)</u> | <u>(353,413)</u> | <u>-</u> | <u>(1,963,769)</u> |
| Total accumulated depreciation | <u>(1,924,620)</u> | <u>(413,321)</u> | <u>-</u> | <u>(2,337,941)</u> |
| Governmental activities, capital assets, net | <u>\$ 14,003,897</u> | <u>(413,321)</u> | <u>(3,724)</u> | <u>13,586,852</u> |

BROWNWOOD COMMUNITY DEVELOPMENT DISTRICT
Notes to Basic Financial Statements
September 30, 2018

(3) Capital Assets (continued)

Depreciation expense for the Fiscal Year 2018 was \$413,321.

The works of art consist of statues that are displayed at the Brownwood entrance which will be adequately maintained and thus have an indefinite useful life.

(4) Long-Term Debt

The District has no long-term debt as of September 30, 2018.

(5) Related Parties

The District has no employees. For certain management, finance, and administrative services, the District entered into an interlocal agreement with Village Center Community Development District (VCCDD). Under the agreement, fees accrued to VCCDD by the District for such services totaled \$301,543 for the year ended September 30, 2018. Brownwood paid to the Project Wide Fund of Sumter Landing Community Development District (SLCDD) for maintenance of common use right-of-way the amount of \$198,437. Upon action by the Board of Supervisors, Brownwood may request additional services as they deem necessary for the efficient and effective management of the Brownwood District resources.

(6) Risk Management

The District is exposed to various risk of loss related to torts, theft, damage and destruction of assets, errors and omissions, and natural disasters. The District generally carries insurance for these risks; however, the District retains risk for certain property coverage and for losses in excess of coverage limits. There have been no claims in excess of coverage limits since inception of the District.

(7) Commitments and Contingencies

Hurricane Irma related expenses and revenues

In September 2017, The District sustained damage related to Hurricane Irma, in most part, with debris, trees and falling limbs. FEMA is expected to reimburse the District for storm related damage. The District has submitted all required documentation to support the loss to FEMA. The amount of expenditures to date was \$15,920 and \$11,098 in 2018 and 2017 respectively. No FEMA reimbursement has been received or accrued to date due to the uncertainty of a reliable estimate of approved expenditures.

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

Board of Supervisors
Brownwood Community Development District
The Villages, 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 the governmental activities and each major fund of Brownwood Community Development District (the District) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Certified Public Accountants

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Board of Supervisors
Brownwood Community Development District
The Villages, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Durvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida

MANAGEMENT LETTER

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

Report on the Financial Statements

We have audited the financial statements of Brownwood Community Development District (the District) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 30, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' 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 January 30, 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. There were no findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in this management letter, unless disclosed in the notes to the financial statements (see Note 1 of the District's September 30, 2018, basic financial statements for this information).

Financial Condition and Management

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

Certified Public Accountants

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Board of Supervisors
Brownwood Community Development District
The Villages, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management (Concluded)

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

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

Additional Matters

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

Purpose of this Letter

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTE SECTION 218.415 - INVESTMENT OF PUBLIC FUNDS**

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

We have examined Brownwood Community Development District (the District)'s compliance with Section 218.415, Florida Statutes, with regards to the District's investments during the fiscal year ended September 30, 2018. District management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Supervisors of the District, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida

Certified Public Accountants

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January 31, 2019

Board of Supervisors
Brownwood Community Development District
The Villages, FL 32162

RE: Management Response Letter

Dear Supervisors:

Attached is the completed audit for Fiscal Year 2017 – 2018 for the Brownwood Community Development District. We are proud to report that this audit has an unmodified opinion.

There are no internal control deficiencies, material weaknesses, or compliance issues identified and reported. No prior year comments were identified, as all have been corrected in previous years, and no new comments have been identified in the current audit report.

Your District staff has worked hard to assure you, as supervisors, that the management of the District's funds is conducted professionally, consistent with generally accepted accounting principles, and governing Florida Statutes.

We believe that Brownwood Community Development District continues to set an example for the appropriate management of Community Development Districts as conceived in Chapter 190, Florida Statutes. We would particularly like to commend the staff of the Villages District Finance Department for their diligent efforts in recording and maintaining the financial records of the District.

We would be happy to entertain any questions members of the Board of Supervisors may have on the audit report or the management of District resources.

Sincerely,

Anne Hochsprung
Finance Director

Kenneth C. Blocker
Assistant District Manager

Brownwood Community Development District
984 Old Mill Run, The Villages, Florida 32162
Business Telephone (352) 753-0421 Business Fax (352) 751-3901

Board of Supervisors
Brownwood Community Development District
The Villages, Florida

We have audited the financial statements of the governmental activities and each major fund of the Brownwood Community Development District (the District) for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 30, 2018. Professional standards also require that we communicate to you the following information related to our audit:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance, or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities' financial statements were:

- *Useful Lives of Assets*—Management's estimate of the useful lives of assets is based upon known historical facts and industry standards for similar assets.
- *Valuation of Donated Capital Assets*—When capital assets are donated to the District, management estimates the value to record by obtaining the acquisition value of similar assets.
- *Fair Value of Investments*—Investments are measured at fair value and are considered Level 2 within the fair value hierarchy. Level 2 implies valuations using inputs for quoted prices for similar investments in active or non-active markets.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Certified Public Accountants

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Board of Supervisors
Brownwood Community Development District
The Villages, Florida

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no known misstatements that were identified during the audit process that were material to the financial statements and/or uncorrected.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. The following issue was noted during the course of our audit:

- **Hurricane Irma Expenditures**—As further explained in the notes to the financial statements, the District incurred additional expenditures beginning in September 2017 and into fiscal year 2018 due to the effects of Hurricane Irma clean-up efforts, part of which have been included in the 2017 and 2018 financial statements. District management will seek reimbursement from FEMA for allowable costs at the applicable refundable rates. No estimate for the anticipated revenues from the reimbursement requests are known as of the date of this report.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Supervisors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Durvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida



AGENDA REQUEST

TO: Board of Supervisors
Brownwood Community Development District

FROM: Barbara E. Kays, Budget Director

DATE: 2/14/2019

SUBJECT: **Approval of FY 19-20 Budget Calendar**

ISSUE:

Request Board approval of dates to approve the Proposed Budget at the board meeting on June 6, 2019 and a Public Hearing to adopt the Final Budget followed by the Board's adoption of the Final Budget on September 5, 2019.

ANALYSIS/INFORMATION:

It's Budget Kick-off time! Attached is the District's tentative Fiscal Year 2019-20 Budget Calendar. The budget schedule for the Brownwood Community Development District Board is explained below and highlighted on the attached calendar.

The approval of the Fiscal Year 2019-20 Proposed Budget will take place during your regular meeting on June 6, 2019.

The Public Hearing to adopt the Final Budget followed by the Board's adoption of the Final Budget is scheduled on September 5, 2019 at your regular meeting time of 11:00 a.m. in the District Large Conference Room.

STAFF RECOMMENDATION:

Staff recommends Board approval of dates to approve the Proposed Budget at the board meeting on June 6, 2019 and a Public Hearing to adopt the Final Budget followed by the Board's adoption of the Final Budget on September 5, 2019.

MOTION:

Move to approve the Fiscal Year 2019-20 Budget Calendar as presented.

ATTACHMENTS:

| Description | Type |
|----------------------------|------------|
| □ FY 19-20 Budget Calendar | Cover Memo |

FY2019-20 TENTATIVE BUDGET CALENDAR

| | | |
|----------------------|----------------|---|
| Mar 11 | (Mon) | Regular Meeting - Preliminary Budget Workshop following meeting PWAC 8:30 am District - Large Conference Room |
| Mar 20 | (Wed) | Joint Workshop - Amenity Deferral Discussion AAC/PWAC 9:00 am Savannah Center, Ashley Wilkes Room |
| Mar 25 | (Mon) | Departments Submit Requested Budget Packet |
| Apr 8 | (Mon) | Regular Meeting - Budget Update PWAC 8:30 am District - Large Conference Room |
| Apr 10 | (Wed) | Regular Meeting - Budget Update AAC 9:00 am Savannah Center, Ashley Wilkes Room |
| No later than | May 1st | Submit Safety Recommended budget to Sumter County Administrator |
| May 6 | (Mon) | Regular Meeting - Budget Review PWAC 8:30 am District - Large Conference Room |
| May 8 | (Wed) | Regular Meeting - Budget Review AAC 9:00 am Savannah Center, Ashley Wilkes Room |
| May 9 | (Thu) | Regular Meeting - Budget Review District 7 8:00 am District - Large Conference Room District 12 9:30 am District - Large Conference Room District 11 11:00 am District - Large Conference Room District 13 1:30 pm District - Large Conference Room |
| May 13 | (Mon) | Budget Workshop District 5 8:00 am District - Large Conference Room District 6 9:30 am District - Large Conference Room District 8 11:00 am District - Large Conference Room District 9 1:30 pm District - Large Conference Room District 10 3:00 pm District - Large Conference Room |
| May 20 | (Mon) | Budget Workshop District 1 8:00 am District - Large Conference Room District 2 9:30 am District - Large Conference Room District 3 11:00 am District - Large Conference Room District 4 1:30 pm District - Large Conference Room |
| Jun 3 | (Mon) | Regular Meeting - Provide Recommendation PWAC 8:30 am District - Large Conference Room |
| Jun 6 | (Thu) | Regular Meeting - Approve Proposed Budget SLCDD 10:00 am District - Large Conference Room BCDD 11:00 am District - Large Conference Room District 9 1:30 pm District - Large Conference Room District 10 3:00 pm District - Large Conference Room |

| | | |
|----------------------|------------------|---|
| Jun 7 | (Fri) | Regular Meeting - Approve Proposed Budget |
| | | District 5 8:00 am District - Large Conference Room |
| | | District 6 9:30 am District - Large Conference Room |
| | | District 8 11:30 am District - Large Conference Room |
| Jun 10 | (Mon) | Regular Meeting - Review Recommend Budget |
| | | NSCUDD 9:00 am District - Large Conference Room |
| Jun 12 | (Wed) | Regular Meeting - Recommend Approval of Proposed Budget |
| | | AAC 9:00 am Savannah Center, Ashley Wilkes Room |
| Jun 12 | (Wed) | Regular Meeting - Approve Proposed Budget |
| | | VCCDD 3:30 pm District - Large Conference Room |
| Jun 13 | (Thu) | Regular Meeting - Approve Proposed Budget |
| | | District 7 8:00 am District - Large Conference Room |
| | | District 12 9:30 am District - Large Conference Room |
| | | District 11 11:00 am District - Large Conference Room |
| | | District 13 1:30 pm District - Large Conference Room |
| Jun 14 | (Fri) | Regular Meeting - Approve Proposed Budget |
| | | District 1 8:00 am District - Large Conference Room |
| | | District 2 9:30 am District - Large Conference Room |
| | | District 3 11:00 am District - Large Conference Room |
| | | District 4 1:30 pm Savannah Center, Ashley Wilkes Room |
| Jul 9 | (Tue) | Regular Meeting - Approve Proposed Budget |
| | | NSCUDD 9:00 am District - Large Conference Room |
| No later than | July 15th | Submit Approved NSCUDD Proposed Budget to the Sumter County Administrator (SC Ordinance 2010-10) |
| Sep 3 | (Tue) | Regular Meeting - Approve Final Budget Recommendation |
| | | PWAC 8:30 am District - Large Conference Room |
| Sep 5 | (Thu) | Regular Meeting - Public Hearing to Adopt Final Budget |
| | | SLCDD 10:00 am District - Large Conference Room |
| | | BCDD 11:00 am District - Large Conference Room |
| | | District 9 1:30 pm District - Large Conference Room |
| | | District 10 3:00 pm District - Large Conference Room |
| Sep 6 | (Fri) | Regular Meeting - Public Hearing to Adopt Final Budget |
| | | District 5 8:00 am District - Large Conference Room |
| | | District 6 9:30 am District - Large Conference Room |
| | | District 8 11:30 am District - Large Conference Room |
| Sep 11 | (Wed) | Regular Meeting - Approve Final Budget Recommendation |
| | | AAC 9:00 am Savannah Center, Ashley Wilkes Room |
| Sep 11 | (Wed) | Regular Meeting - Public Hearing to Adopt Final Budget |
| | | VCCDD 3:30 pm District - Large Conference Room |

| | |
|--|--|
| Sep 12 (Thu) | Regular Meeting - Public Hearing to Adopt Final Budget |
| | District 7 8:00 am District - Large Conference Room |
| | District 12 9:30 am District - Large Conference Room |
| | District 11 11:00 am District - Large Conference Room |
| | District 13 1:30 pm District - Large Conference Room |
| Sep 13 (Fri) | Regular Meeting - Public Hearing to Adopt Final Budget |
| | District 1 8:00 am District - Large Conference Room |
| | District 2 9:30 am District - Large Conference Room |
| | District 3 11:00 am District - Large Conference Room |
| | District 4 1:30 pm Savannah Center, Ashley Wilkes Room |
| No later than Sep 15th | Sumter County Board of Commissioners - Adopt NSCUDD Final Budget (SC Ordinance 2010-10) |

District - Large Conference Room is located at 984 Old Mill Run (Lake Sumter Landing).
Savannah Recreation Center is located at 1545 Buena Vista Boulevard.

As of 1/28/2019



AGENDA REQUEST

TO: Board of Supervisors
Brownwood Community Development District

FROM: Richard J. Baier, District Manager

DATE: 2/6/2019

SUBJECT: Operating Policies and Procedures

ISSUE:

ANALYSIS/INFORMATION:

STAFF RECOMMENDATION:

MOTION:

ATTACHMENTS:

| Description | Type |
|-------------------------------------|------------|
| □ Operating Policies and Procedures | Cover Memo |

DRAFT GENERAL AND PROCEDURAL RULES
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1.1 General Introduction.

- 1) The Brownwood Community Development District (the "District") was created pursuant to the provisions of Chapter 190, Florida Statutes, to provide for the ownership, operation, maintenance, and provision of various capital facilities and services within its jurisdiction. The purpose of these Rules of Procedure (the "Rules") is to describe the general operations of the District. Any conflict or need for clarification arising out of the following Rules shall be resolved, where applicable, by law. Any amendments to the Rules shall be administratively prepared and adopted by the Board of Supervisors. These Rules are adopted to guide the District through its primary operations and functions. They are designed to provide the structure needed to conduct District business while also maintaining the flexibility needed to efficiently and effectively carry out the public business as circumstances may dictate.
- 2) Definitions located within any section of these Rules shall be applicable within all other sections, unless specifically stated to the contrary.

1.2 Standards of Civil Discourse.

- 1) The District encourages citizen participation in the democratic process and recognizes and protects the right of freedom of speech afforded to all. As the Board conducts the business of the District, rules of civility shall apply. District Board Supervisors, Staff members, and members of the public are to respectfully communicate. Persons shall speak only when recognized by the Board Chair and, at that time, refrain from engaging in personal attacks or derogatory or offensive language. Outbursts will not be tolerated and those who do not conduct themselves in a respectful and lawful manner shall be subject to removal. It shall be the responsibility of each individual to demonstrate civility.

1.3 Board of Supervisors; District Manager, Officers, and Voting.

- 1) Board of Supervisors. The Board of Supervisors of the District (the "Board") shall exercise the powers granted to the District. The Board shall consist of five members. Members of the Board must be residents of Florida and citizens of the United States.
- 2) District Manager. The Board shall employ a District Manager. The District Manager shall have charge and supervision of the works of the district and shall be responsible for preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of state statutes, for maintaining and operating the equipment owned by the District, and for performing such other duties as may be prescribed within the legal purview of the Board.
- 3) Term of Supervisors. Board Supervisors shall hold office pursuant to Section 190.006, Florida Statutes. If, during the term of office of any Board Supervisor(s), one or more vacancies occur, the remaining member(s) of the Board shall fill the vacancies by appointment for the remainder of the unexpired term(s).
- 4) Compensation. In accordance with Section 190.006, Florida Statutes, each Board Supervisor is entitled to receive an amount not to exceed \$200 per meeting of the Board of Supervisors, not to exceed \$4,800 annually.
- 5) Vacancies; Quorum. Three members of the Board physically present in the same location shall constitute a quorum for the purposes of conducting its business and exercising its powers and for all other purposes. When a quorum is not present, the meeting shall be cancelled in accordance with the Board's established policy. However, if three or more vacancies occur at the same time, a quorum is not necessary to fill the vacancies. Action taken by the Board shall be upon a majority vote of the members present, unless otherwise provided in these Rules or required by State Statutes.
- 6) Officers. At any Board meeting held after each election where the newly elected members take office, the Board may select a chair, vice chair, treasurer and secretary. Such selection may be deferred to subsequent meetings. The District Manager shall serve as secretary and treasurer.
 - a. The chair must be a member of the Board. If the chair resigns from that office or ceases to be a member of the Board, the Board shall select a chair to serve the remaining portion of the term, after filling the board vacancy. The chair may be authorized to sign checks and warrants for the District, countersigned by the treasurer or other persons authorized by the Board. The chair may convene and conduct all meetings of the Board. In the event the chair is unable to attend a meeting, the vice chair or other member of the Board may convene and conduct the meeting.

i.Options for Selection of a Board Chair

1. Nomination and majority vote by Board following a general election

2. Rotation of seats

3. Annual or bi-annual review

- b. The vice chair shall be a member of the Board and shall have such duties and responsibilities as specifically designated by the Board from time to time. If the vice chair resigns from that office or ceases to be a member of the Board, the Board shall select a vice chair to serve the remainder of the term, after filling the Board vacancy.

i. Options for Selection of Vice Chair

1. Nomination and majority vote by Board following a general election

2. Rotation of seats

3. Annual or bi-annual review

- 7) Committees. The Board may establish committees of the District or provide representation on established committees by formal motion referencing this Rule, either on a permanent or temporary basis, to perform specifically-designated functions. Committees may include individuals who are not members of the Board, but must be a property owner who maintains permanent residency in the District. Committee representation shall be reviewed annually at the October Board Meeting following the beginning of a new fiscal year. Committee representation will be determined by nomination and majority vote by the Board.
- 8) Record Book. The District shall keep a permanent record book entitled "Record of Proceedings of the Brownwood Community Development District" in which shall be recorded minutes of all meetings, resolutions, proceedings, certificates, bonds and corporate acts.
- 9) Meetings. The Board shall establish a schedule of regular meetings and may also meet upon call of the chair or three Board Supervisors. Nothing herein shall prevent the Board from holding other meetings as it deems necessary or from canceling any regularly scheduled meetings. A previously noticed regular meeting may be canceled, provided that notice of cancellation shall be given in substantially the same manner as notice for the meeting or in such other manner as may provide substantially equivalent notice of cancellation. Meetings will be cancelled in accordance with the Board's policy adopted via resolution. All meetings of the Board shall be open to the public and governed by the provisions of Chapter 286, Florida Statutes.
- 10) Voting Conflict of Interest. The Board shall comply with Section 112.3143, Florida Statutes, so as to ensure the proper disclosure of conflicts of interests on matters coming before the Board for a vote. Nothing in this Rule shall prohibit the Board Supervisor with a voting conflict of interest from voting on a matter. For the purposes of this section, "voting conflict of interest" shall be governed by Chapters 112 and 190, Florida Statutes, as amended from time to time.

- a. When a Board Supervisor knows that he/she has a conflict of interest on a matter coming before the Board, the member should notify the Board's secretary prior to participating in any discussion with the Board on the matter. The member shall publicly announce the conflict of interest at the meeting. This announcement shall appear in the minutes of the meeting. The Board Supervisor may then vote. The Board's secretary shall prepare a memorandum of voting conflict which shall then be signed by the Board Supervisor that had the conflict.
 - b. If a Board Supervisor inadvertently votes on a matter and later learns he or she has a conflict thereon, the member shall immediately notify the Board's secretary. Within fifteen days (15) days of the notification, the member shall file the appropriate memorandum of voting conflict which will be attached to the minutes of the Board meeting during which the vote on the matter occurred. The memorandum shall immediately be provided to other Board Supervisors and shall be read publicly at the next meeting held subsequent to the filing of the written memorandum. The Board Supervisor's vote shall be unaffected by this filing.
- 11) Board Supervisor Conduct. No individual Board Supervisor shall direct the District Manager to perform extensive research, take action on a policy matter, or make representations on behalf of the Board without formal direction from the collective Board of Supervisors at a regularly scheduled Board meeting. Nothing precludes a Board Supervisor from initiating individual correspondence pertaining to the seat they currently hold. Nothing in this Rule is to be construed to limit or restrict a Board Supervisor from acting in his or her official capacity from coordinating with the District Manager in answering or responding to correspondence or communications relative to the business of the District.

1.4 Public Information and Inspection of Records.

- 1) Public Records. All District public records within the meaning of Chapter 119, Florida Statutes, and not otherwise restricted by law, including the "Record of Proceedings of the Village Community Development District No. X," may be copied or inspected at the offices of the District Manager during regular business hours.
- 2) Copies. The custodian of public records upon request shall furnish a copy or a certified copy of a record for a fee as authorized by Florida Statute Chapter 119. Copies of public records shall be made available to the requesting person at a charge of \$.15 per page if not more than 8-1/2 by 14 inches, and for copies in excess of that size at a charge not to exceed the actual cost of reproduction. Certified copies of public records shall be made available at a charge of \$1.00 per page. If the nature or volume of public records requested to be inspected, examined or copied is such as to require extensive use of information technology resources or extensive clerical or supervisory assistance, a special service charge, which shall be reasonable and based on the actual cost incurred, may be charged in addition to the actual cost of duplication.

1.5 Meetings and Workshops.

- 1) Meetings and Workshops. All meetings of the Board shall be open to the public and governed by the provisions of Chapter 286, Florida State Statutes.
- 2) Notice. Except in emergencies, or as otherwise required by State Statutes, at least seven (7) days public notice shall be given of any meeting or workshop of the Board of Supervisors. Public notice shall be given by publication in a newspaper of general circulation in the District and shall state:
 - a. The date, time, and place of the meeting or workshop;
 - b. A brief description of the nature, subjects and purposes of the meeting or workshop;
 - c. The address where persons may obtain a copy of the agenda;
 - d. The notice shall state that if a person decides to seek review of any official decision made at the Board meeting, a record of the proceedings will be required and the person intending to appeal will need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence necessary for the appeal.
 - e. When a previously noticed meeting is canceled, notice of cancellation shall be given in substantially the same manner as notice for the meeting or in any manner that will give adequate notice of cancellation.
- 3) Agenda. The District Manager shall prepare a notice of the meeting or workshop and an agenda. The agenda shall be available to the public in the offices of the District Manager prior to each regularly scheduled meeting or workshop and on the website. Minutes shall be taken, and reviewed and approved by the Board at a subsequent meeting. In accordance with State Statutes, the agenda and available supporting documentation will be available electronically seven days in advance of the meeting.
- 4) Agenda Format.
 - a. Call to Order
 - i. Roll Call
 - ii. Pledge of Allegiance
 - iii. Observation of Moment of Silence
 - iv. Welcome Meeting Attendees
 - v. Audience Comments
 - b. Consent Agenda
 - c. New Business
 - d. Old Business
 - e. Public Hearings
 - f. Public Hearings
 - g. Informational Items Only
 - h. Reports and Input
 - i. District Manager Reports
 - ii. District Counsel Reports

- iii. Supervisor Comments
- iv. Adjourn

- 5) Oath of Office. At the next regularly scheduled meeting following an election, newly elected Board Supervisors shall take and subscribe to the oath of office as prescribed by Section 876.05 of Florida State Statutes. The oath office shall be administered by the District Clerk immediately following the call to order of the meeting.
- 6) Procedures for Including Items on Agenda. Items to be included on the agenda may be submitted by an individual Board Supervisor and will be addressed under the “Supervisor Comments” section of the agenda for discussion purposes; if formal action is desired, the item will be presented on the agenda at the following regularly scheduled Board Meeting. In order for an item to be included on the agenda, a request must be submitted to the District Manager no later than 10 business days in advance of the next regularly scheduled meeting.
- 7) Consent Agenda. Content of items on the consent agenda shall be limited to routine items that normally do not require discussion such as the minutes, resolutions, payment requests and reports from committees, etc. During the reading of the consent agenda, any Board Supervisor, the District Manager, or member of the public, may pull an item for separate discussion.
- 8) Resolutions. An enacted resolution is an internal legislative act that is a formal statement of policy concerning matters of special or temporary character. Board action shall be taken by resolution when required by law and in those instances where an expression of policy more formal than a motion is desired. All resolutions shall be reduced to writing.
- 9) Motions. An enacted motion is a form of action taken by the Board to direct that a specific action be taken on behalf of the District. A motion, once approved and entered into the record, is the equivalent of a Resolution in those instances where a resolution is not required by law. All motions shall be made and seconded before debate.
 - a. A motion is to be worded in a concise, unambiguous, and complete form.
 - b. No speech is to be made in reference to a motion when it is introduced. There will be no debate until a motion has been seconded and, if requested by a Board Supervisor, the question stated by the Board Chair or District Clerk.
 - c. When the question has been stated, it is before the Board and mover is entitled to the floor.
- 10) Reconsideration of Action Previously Taken. A motion to reconsider shall be allowed at any time by any Board Supervisor who voted on the prevailing side, during a meeting, except when a motion on some other subject is pending.

- 11) Rescinding Action Previously Taken. Board action may be rescinded by a majority vote if the motion to reconsider is made by a Board Supervisor who voted on the prevailing side. After a motion to reconsider has been adopted by a majority vote, any Board Supervisor may move to rescind action previously taken.
- 12) Roll Call Vote. Roll call votes will be conducted at the prerogative of the Board Chair, or at the District Manager's request to the Board Chair.
- 13) Public Comment. The Board shall conduct public comment in accordance with Florida State Statutes. Members of the audience making public comment shall approach the microphone, state their name and address for the record, and address all comments to the Board Chair. The following Public Participation Policy was adopted by the Board of Supervisors via a Resolution and shall apply to meetings of District boards or committees as provided herein unless otherwise required by State Statutes;
 - a. Citizen's Rights
 - i. Right to be Heard: Members of the public shall be given a reasonable opportunity to be heard on a proposition before a District board except as provided for below. Public input shall generally be limited to three (3) minutes for each speaker and a total of thirty (30) minutes for public comment relating to any particular proposition, with the Board Chair having the option to allow additional time for good cause shown after consideration of the circumstances.
 - ii. Group or Faction Representatives: At meetings in which a large number of individuals are in attendance, the Board Chair may ask for a show of hands to identify individuals who wish to address the board. If a large number of individuals wish to be heard, the Board Chair may require individuals to complete speaker cards that include the individual's name, address, the proposition on which they wish to be heard, the individual's position on the proposition (i.e., "for," "against," or "undecided"). In the event large groups or factions of individuals desire to speak (i.e., consisting of more than five individuals), the Board Chair may require each group or faction to designate a representative to speak on behalf of such group or faction but shall allow such representative at least ten minutes to address the board.
 - b. This right does not apply to;
 - i. An official act that must be taken to deal with an emergency situation affecting the public health, welfare, or safety, if compliance with the requirements would cause an unreasonable delay in the ability of the board to act;

- ii. An official act involving no more than a ministerial act, including, but not limited to, approval of minutes and ceremonial proclamations;
 - iii. A meeting that is exempt from §286.011; or
 - iv. A meeting during which the board is acting in a quasi-judicial capacity.
- This paragraph does not affect the right of a person to be heard as otherwise provided by law.

14) Public Hearings/ Quasi-Judicial Hearings

a. Order of Testimony

- i. The Board Chair shall announce the Public Hearing and ask staff to review the subject of the public hearing.
- ii. The Board Chair shall then open the public hearing and receive comment from anyone in attendance.
- iii. Persons wishing to provide comment shall approach the microphone, state name and address for the record, and make his/her comments.
- iv. Comments shall be limited to the subject of the public hearing only.
- v. Upon determination of no additional public comment, the Board Chair shall close the Public Hearing and restrict discussion to members of the Board and staff.
- vi. Upon completion of the discussion, the Board Chair shall entertain such action as the Board may desire.

b. Ex- Parte Communication

- i. Board Supervisors became subject to additional constitutional and statutory prohibitions when conducting quasi-judicial proceedings. When a Board acts in a quasi-judicial capacity, its Board Supervisors are prohibited from receiving ex-parte communications. This means a Board Supervisor cannot receive information or participate in communications about such matter without providing notice and opportunity for the other party to be heard at the same time. If a Board Supervisor conducts ex-parte (i.e. one-on-one) communications they could be accused of violating an individual's constitutional right to due process of law.

15) Receipt of Notice. Persons wishing to receive, by mail, notices or agendas of meetings, may advise the District Manager or secretary at the Board's office. Such persons shall furnish a mailing address in writing and may be required to pay the cost of copying and mailing.

16) Emergency Meeting. The chair, or the vice-chair if the chair is unavailable, may convene an emergency meeting of the Board without first having complied with Subsections (1), (2), and (3), to act on emergency matters that may affect the public health, safety, or welfare. Whenever possible, the District Manager shall make reasonable efforts to notify all Board Supervisors of an emergency meeting 24 hours in advance. Reasonable efforts may include telephone notification. After an emergency meeting, the Board shall publish in a newspaper of general circulation in the District, the time, date, and place of the emergency meeting, the reasons why an emergency meeting was necessary, and a description of the action taken. Whenever an emergency meeting is called, the District Manager shall be responsible for notifying at least one newspaper of general circulation

in the District. Actions taken at an emergency meeting may be ratified by the Board at a regularly noticed meeting subsequently held.

- 17) Budget Hearing; Budget Amendment. Notice of hearing on the annual budget(s) shall be in accordance with Section 190.008, Florida Statutes. Once adopted in accordance with Section 190.008, Florida Statutes, the annual budget(s) may be amended from time to time by action of the Board. Approval of invoices by the Board in excess of the funds allocated to a particular budgeted line item shall serve to amend the budgeted line item. All expenditures in excess of 15%, or \$25,000, of any line item in the budget must be approved by the Board in advance of incurring such expense; however, in the case of an emergency expenditure affecting the health, safety or welfare of the District, its residents, or landowners, such expenditures must be approved in advance by the District Manager.
- 18) Continuances. Any meeting of the Board or any item or matter included on the agenda or coming before the Board at a noticed meeting may be continued without re-notice or re-advertising provided that the continuance is to a specified date, time and location publicly announced at the Board meeting where the item or matter came before the Board.

1.6 Rulemaking Proceedings.

- 1) Commencement of Proceedings. Proceedings held for adoption, amendment, or repeal of a District rule shall be conducted according to the applicable provisions of Chapter 120, Florida Statutes, and these Rules. Rulemaking proceedings shall be deemed to have been initiated upon publication of notice by the District.
- 2) Notice of Rule Development. Except when the intended action is the repeal of a rule, the District shall provide notice of the development of proposed rules by publication of a notice of rule development in a newspaper of general circulation in the District before providing notice of a proposed rule as required by paragraph (3). The notice of rule development shall indicate the subject area to be addressed by rule development, provide a short, plain explanation of the purpose and effect of the proposed rule, cite the specific legal authority for the proposed rule, and a statement of how a person may promptly obtain a copy of any preliminary draft, if available. All rules should be drafted in accordance with Chapter 120, F.S.
- 3) Notice of Proceedings and Proposed Rules. Prior to the adoption, amendment, or repeal of any rule other than an emergency rule, the District shall give notice of its intended action, setting forth a short, plain explanation of the purpose and effect of the proposed action; a reference to the specific rulemaking authority pursuant to which the rule is adopted; and a reference to the section or subsection of the Florida Statutes or the Laws of Florida being implemented, interpreted, or made specific. The notice shall include a summary of the District's statement of the estimated regulatory costs, if one has been prepared, based on the factors set forth in Section 120.541(2), and a statement that any person who wishes to provide the District with a lower cost regulatory alternative as provided by Section 120.541(1), must do so in writing within 21 days after publication of the notice. The notice must state the procedure for requesting a public hearing on the proposed rule unless one is otherwise scheduled. Except when the intended action is the repeal of a rule, the notice shall include a reference both to the date on which and to the place where the notice of rule development that is required by subsection (2) appeared.
 - a. The notice shall be published in a newspaper of general circulation in the District not less than 28 days prior to the intended action. The proposed rule shall be available for inspection and copying by the public at the time of the publication of notice.
 - b. The notice shall be mailed to all persons named in the proposed rule. Any person may file a written request with the District Manager or secretary at the Board's office to receive notice by mail of District proceedings to adopt, amend or repeal a rule. Such persons must furnish a mailing address and may be required to pay the cost of copying and mailing. Notice will then be mailed to all persons whom, at least 14 days prior to such mailing, have made requests of the district for advance notice of its proceedings.

- 4) Rule Development Workshops. Whenever requested in writing by any affected person, the District must either conduct a rule development workshop prior to proposing rules for adoption or the Board Chair must explain in writing why a workshop is unnecessary. The District may initiate a rule development workshop but is not required to do so.
- 5) Petitions to Initiate Rulemaking. All petitions for the initiation of rulemaking proceedings pursuant to Section 120.54(7), Florida Statutes, must contain the name, address, and telephone number of the Petitioner, specific action requested, specific reason for adoption, amendment, or repeal, the date submitted, and shall specify the text of the proposed rule and the facts showing that the Petitioner is regulated by the District or has a substantial interest in the rule or action requested. Petitions to initiate rulemaking shall be filed with the District. The Board shall then act on the petition in accordance with Section 120.54(7), Florida Statutes (1999), except that copies of the petition shall not be sent to the Administrative Procedures Committee, and notice may be given in a newspaper of general circulation in the county in which the District is located.
- 6) Rulemaking Materials. After the publication of the notice to initiate rulemaking, the Board shall make available for public inspection and shall provide, upon request and payment of cost of copies, the following materials:
 - a. The text of the proposed rule, or any amendment or repeal of any existing rules;
 - b. A detailed written statement of the facts and circumstances justifying the proposed rule;
 - c. A copy of the statement of estimated regulatory costs if required by Section 120.541; and
 - d. The published notice.
- 7) Rulemaking Proceedings - No Hearing. When no hearing is requested and the Board chooses not to initiate a hearing on its own, or if the rule relates exclusively to organization, practice or procedure, the Board may direct the proposed rule be filed with the District Office no less than twenty-eight (28) days following notice. Such direction may be given by the Board either before initiating the rule-adoption process or after the expiration of the twenty-one (21) days during which affected persons may request a hearing.
- 8) Rulemaking Proceedings - Hearing. If the proposed rule does not relate exclusively to organization, practice or procedure, the District shall provide (upon request) a public hearing for the presentation of evidence, argument and oral statements, within the reasonable conditions and limitations imposed by the District to avoid duplication, irrelevant comments, unnecessary delay or disruption of the proceedings. Any affected person may request a hearing within twenty-one (21) days after the date of publication of the notice of intent to adopt, amend or repeal a rule.
- 9) Request for a Public Hearing. A request for a public hearing shall be in writing and shall specify how the person requesting the public hearing would be affected by the proposed rule. The request shall be submitted to the District within 21 days after notice of intent to

adopt, amend, or repeal the rule is published as required by law, in accordance with the procedure for submitting requests for public hearing stated in the notice of intent to adopt, amend, or repeal the rule.

- a. If the notice of intent to adopt, amend, or repeal a rule did not notice a public hearing and the District determines to hold a public hearing, the District shall publish notice of a public hearing in a newspaper of general circulation within the District at least 7 days before the scheduled public hearing. The notice shall specify the date, time, and location of the public hearing, and the name, address, and telephone number of the District contact person who can provide information about the public hearing.
 - b. Written statements may be submitted by any person within a specified period of time prior to or following the public hearing. All timely submitted written statements shall be considered by the District and made a part of the rulemaking record.
- 10) Emergency Rule Adoption. The Board may adopt an emergency rule if it finds that immediate danger to the public health, safety, or welfare exists which requires immediate action. Prior to the adoption of an emergency rule, the District Manager shall make reasonable efforts to notify a newspaper of general circulation in the District. Notice of emergency rules shall be published as soon as practical in a newspaper of general circulation in the District. The District may use any procedure which is fair under the circumstances in the adoption of an emergency rule as long as it protects the public interest as determined by the District and otherwise complies with these provisions
- 11) Negotiated Rulemaking. The District may use negotiated rulemaking in developing and adopting rules pursuant to Section 120.54, Florida Statutes.
- 12) Variances and Waivers. Variances and waivers from District rules may be granted subject to the provisions and limitations contained in Section 120.542, Florida Statutes.

1.7 Decisions Determining Substantial Interests.

- 1) Conduct of Proceedings. Proceedings may be held by the District in response to a written request submitted by a substantially affected person within fourteen (14) days after written notice or published notice of District action or notice of District intent to render a decision. Notice of both action taken by the District and the District's intent to render a decision shall state the time limit for requesting a hearing and shall reference the District's procedural rules. If a hearing is held, the Board Chair shall designate any member of the Board (including the Chair), District Manager, District General Counsel, or other person to conduct the hearing.
 - a. The person conducting the hearing may:
 - i. Administer oaths and affirmations;
 - ii. Rule upon offers of proof and receive relevant evidence;
 - iii. Regulate the course of the hearing, including any prehearing matters;
 - iv. Enter orders;
 - v. Make or receive offers of settlement, stipulation, and adjustment.
 - b. The person conducting the hearing shall, within thirty (30) days after the hearing or receipt of the hearing transcript, whichever is later, file a recommended order which shall include a caption, time and place of hearing, appearances entered at the hearing, statement of the issues, findings of fact and conclusions of law, separately stated, and a recommendation for final District action.
 - c. The District shall issue a final order within forty-five (45) days:
 - i. After the hearing is concluded, if conducted by the Board;
 - ii. After a recommended order is submitted to the Board and mailed to all parties, if the hearing is conducted by persons other than the Board; or
 - iii. After the Board has received the written and oral material it has authorized to be submitted, if there has been no hearing.
- 2) Eminent Domain. After determining the need to exercise the power of eminent domain pursuant to Subsection 190.11(11), Florida Statutes, the District shall follow those procedures prescribed in Chapters 73 and 74, Florida Statutes. Prior to exercising the power of eminent domain, the District shall:
 - a. Adopt a resolution identifying the property to be taken;

- i. If the property is beyond the boundaries of the District, obtain approval by resolution of the governing body of the county if taking will occur in an unincorporated area, or of the municipality if the taking will occur within the municipality.

1.8 Purchasing Policies and Procedures.

- 1) The Brownwood Community Development District's purchasing policies and procedures will be conducted in accordance with the authority given in Chapter 190 of Florida State Statutes and all other applicable laws.

1.9 Effective Date.

- 1) These Rules shall be effective _____, 2019, except that no election of officers required by these Rules shall be required until after the next regular election for the Board of Supervisors.

Specific Authority:

Chapter 190, F.S. and other applicable laws



AGENDA REQUEST

TO: Board of Supervisors
Brownwood Community Development District

FROM: Anne Hochsprung, Finance Director

DATE: 2/14/2019

SUBJECT: **Financial Statements**

ISSUE: Budget to Actual Statements as of December 31, 2018

ANALYSIS/INFORMATION:

STAFF RECOMMENDATION:

MOTION:

ATTACHMENTS:

| Description | Type |
|--------------------|------------|
| □ Budget to Actual | Cover Memo |
| □ Cash Sheet | Cover Memo |

| | |
|---|--|
| BROWNWOOD | |
| OPERATING BUDGET | |
| BUDGET TO ACTUAL STATEMENT AS OF: December 31, 2018 (Unaudited) | |
| Three (3) Months of Operations- 25.00% of Year | |

| Account Number | Description of Account | | Actual Information | | | Year-to-Date Variance | Percent of Annual Budget | Footnotes |
|--|--|--|--------------------|----------------------|---------------------|-----------------------|--------------------------|-----------|
| | | | Annual Budget | Current Month Actual | Year-to-Date Actual | | | |
| | REVENUES: | | | | | Over/(Under) | | |
| | | | | | | | | |
| 325214 | CAM & Road Maintenance Assessment | | \$ 1,605,754 | \$ 267,626 | \$ 802,877 | \$ (802,877) | 50.00% | A |
| 341910 | Sales Tax Collection Allowance | | - | 2 | 29 | 29 | 0.00% | |
| 341999 | Misc Revenue | | - | 41 | 41 | 41 | 0.00% | B |
| 361102 | Int Income - Cash Equiv | | 13,750 | 4,166 | 10,903 | (2,847) | 79.29% | C |
| | Total Revenues: | | \$ 1,619,504 | \$ 271,835 | \$ 813,850 | \$ (805,654) | 50.25% | |
| 361306 | FLGIT-Unrealized Gain/Loss | | - | 721 | 928 | 928 | 0.00% | D |
| 361307 | LTIP - Unrealized Gain or Loss | | - | 1,559 | (6,794) | (6,794) | 0.00% | D |
| 361309 | FLFIT-Unrealized Gain/Loss | | - | 63 | (190) | (190) | 0.00% | C |
| 361409 | FLFIT-Realized Gain/Loss | | - | 580 | 1,667 | 1,667 | 0.00% | C |
| 362003 | Ground Lease (T) | | 831 | - | 838 | 7 | 100.84% | E |
| 362012 | Rents & Leases/T-S | | 14,125 | 1,325 | 12,750 | (1,375) | 90.27% | F |
| | Total Available Resources: | | \$ 1,634,460 | \$ 276,083 | \$ 823,049 | \$ (811,411) | 50.36% | |
| | | | | | | | | |
| | EXPENDITURES: | | | | | Under/(Over) | | |
| | | | | | | | | |
| 539311 | Management Fees | | \$ 321,718 | \$ 26,809 | \$ 80,437 | \$ 241,281 | 25.00% | |
| 539312 | Engineering Services | | 8,500 | 2,957 | 3,615 | 4,885 | 42.53% | G |
| 514313 | Legal Services | | 4,000 | 360 | 360 | 3,640 | 9.00% | |
| 539318 | Technology Services | | 5,531 | 461 | 1,382 | 4,149 | 24.99% | |
| 539319 | Other Professional Services | | 19,247 | 1,808 | 2,728 | 16,519 | 14.17% | |
| | Subtotal Professional Services | | \$ 358,996 | \$ 32,395 | \$ 88,522 | \$ 270,474 | 24.66% | |
| 539322 | Auditing Services | | 4,000 | 1,000 | 1,000 | 3,000 | 25.00% | |
| | Subtotal Accounting Services | | \$ 4,000 | \$ 1,000 | \$ 1,000 | \$ 3,000 | 25.00% | |
| 539341 | Janitorial Services | | 75,661 | - | 12,443 | 63,218 | 16.45% | |
| 539343 | Systems Management Support | | 1,785 | 428 | 601 | 1,184 | 33.67% | |
| | Subtotal Other Contractual Services | | \$ 77,446 | \$ 428 | \$ 13,044 | \$ 64,402 | 16.84% | |
| 539412 | Postage | | 100 | - | - | 100 | 0.00% | |
| | Subtotal Comm & Freight Services | | \$ 100 | \$ - | \$ - | \$ 100 | 0.00% | |
| 539431 | Electricity | | 37,192 | 5,607 | 9,003 | 28,189 | 24.21% | |
| 539433 | Water & Sewer | | 7,088 | 575 | 1,702 | 5,386 | 24.01% | |
| 539434 | Irrigation Water | | 27,877 | 1,648 | 6,423 | 21,454 | 23.04% | |
| 539436 | Solid Waste | | 3,299 | 250 | 750 | 2,549 | 22.73% | |
| | Subtotal Utilities Services | | \$ 75,456 | \$ 8,080 | \$ 17,878 | \$ 57,578 | 23.69% | |
| 539444 | Storage Unit Rental | | 1,188 | 95 | 95 | 1,093 | 8.00% | |
| 500442 | Subtotal Rentals & Leases | | \$ 1,188 | \$ 95 | \$ 95 | \$ 1,093 | 8.00% | |
| 539451 | Casualty & Liability Insurance | | 57,189 | - | 51,355 | 5,834 | 89.80% | H |
| | Subtotal Insurance | | \$ 57,189 | \$ - | \$ 51,355 | \$ 5,834 | 89.80% | |
| 539462 | Building/Structure Maintenance | | 179,249 | 4,668 | 21,591 | 157,658 | 12.05% | |
| 539463 | Landscape Maint.- Recurring | | 291,410 | 21,009 | 63,027 | 228,383 | 21.63% | |
| 539464 | Landscape Maint.-Non-Recurring | | 40,500 | 700 | 1,177 | 39,323 | 2.91% | |
| 539468 | Irrigation Repair | | 4,500 | 354 | 1,324 | 3,176 | 29.42% | |
| 539469 | Other Maintenance | | 155,391 | 5,658 | 10,840 | 144,551 | 6.98% | |
| | Subtotal Repair & Maintenance Services | | \$ 671,050 | \$ 32,389 | \$ 97,959 | \$ 573,091 | 14.60% | |
| 539491 | Bank Charges | | 100 | - | - | 100 | 0.00% | |
| 539493 | Permits & Licenses | | 175 | - | - | 175 | 0.00% | |
| 539497 | Legal Advertising | | 2,000 | 118 | 143 | 1,857 | 7.15% | |
| 539498 | Project Wide Fees | | 209,125 | 17,427 | 52,282 | 156,843 | 25.00% | |
| 539499 | Misc Current Charges | | 16,000 | 5,750 | 5,750 | 10,250 | 35.94% | |
| | Subtotal Other Current Charges | | \$ 227,400 | \$ 23,295 | \$ 58,175 | \$ 169,225 | 25.58% | |
| 539522 | Operating Supplies | | 500 | - | - | 500 | 0.00% | |
| 539524 | Non-Capital FF&E | | 12,000 | - | - | 12,000 | 0.00% | |
| | Subtotal Operating Supplies | | \$ 12,500 | \$ - | \$ - | \$ 12,500 | 0.00% | |
| | | | | | | | | |
| | Subtotal Operating Expenditures | | \$ 1,485,325 | \$ 97,682 | \$ 328,028 | \$ 1,157,297 | 22.08% | |
| | | | | | | | | |
| 539633 | Infrastructure | | \$ 19,812 | \$ - | \$ - | \$ 19,812 | 0.00% | |
| 539912 | Trans to Oth Roads | | 37,500 | 3,125 | 9,375 | 28,125 | 25.00% | |
| | Transfers | | \$ 57,312 | \$ 3,125 | \$ 9,375 | \$ 47,937 | 16.36% | |
| | | | | | | | | |
| | Total Expenditures | | \$ 1,542,637 | \$ 100,807 | \$ 337,403 | \$ 1,205,234 | 21.87% | |
| | | | | | | | | |
| 369901 | Change in Unreserved Net Position | | \$ 91,823 | \$ 175,276 | \$ 485,646 | \$ 393,823 | | |
| | | | | | | | | |
| Change in Net Assets indicates a budget addition in Working Capital \$111,635 and a reduction in Roads R&R (\$19,812). | | | | | | | | |
| | | | | | | | | |

[illegible]



BROWNWOOD CDD
CASH AND INVESTMENT SUMMARY
AS OF DECEMBER 31, 2018

| Fund Code | Account Name | Bank | Balance as of 10/01/18 | Current Balance | Reconciled Yes/No |
|--|----------------------|---------|------------------------|---------------------|-------------------|
| GENERAL FUND | | | | | |
| 001 | Cash Operating | CFB | 75,144.87 | 74,290.70 | Yes |
| 001 | Cash Equiv - FLCLASS | FLCLASS | 1,551,936.80 | 2,057,237.41 | Yes |
| Sub-total Cash & Cash Equivalents | | | 1,627,081.67 | 2,131,528.11 | |
| 001 | Cash-FL-FIT | FLFIT | 255,602.30 | 257,079.86 | Yes |
| 001 | FLGIT | FLGIT | 256,198.78 | 257,126.29 | Yes |
| 001 | Long Term Investment | USB | 160,214.94 | 153,421.15 | Yes |
| Sub-total SBA/L TIP | | | 672,016.02 | 667,627.30 | |
| Cash Balance | | | 2,299,097.69 | 2,799,155.41 | |

Grand Totals

| | |
|---------------------|---------------------|
| 2,299,097.69 | 2,799,155.41 |
|---------------------|---------------------|