



VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Basic Financial Statements

September 30, 2007

(With Independent Auditors' Report Thereon)

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Table of Contents

	Page
Financial Section	
Independent Auditors' Report on the Financial Statements	1
Management's Discussion and Analysis (UNAUDITED)	3
Basic Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Balance Sheet- Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	14
Notes to Basic Financial Statements	15
Other Reports	
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 <i>Government Auditing Standards</i>	22
Management Letter	24
Management Response Letter	26

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Village Community Development District No. 8
The Villages, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Village Community Development District No. 8 (the District), as of and for the year ended September 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2007, and the respective changes in financial position thereof and the budgetary comparison of the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2008, 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 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* and should be read in conjunction with this report in considering the results of our audit.

Certified Public Accountants

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Board of Supervisors
Village Community Development District No. 8
The Villages, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

The management's discussion and analysis, as listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Purvis, Gray and Company, LLP

February 7, 2008
Ocala, Florida

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Management's Discussion and Analysis (UNAUDITED) September 30, 2007

The Village Community Development District No. 8 (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

- The assets of the District exceeded its liabilities at September 30, 2007 by \$45,020 (net assets). Of this amount, \$45,020 of unrestricted net assets may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$42,845. This increase resulted from a slight surplus of developer contributions over the general governmental expenses of the District, which primarily related to landscape maintenance.
- At the close of the fiscal year, the District's general fund reported a fund balance of \$45,020, a net increase of \$42,845 compared to the prior year. The entire total is available for spending at the District's discretion as *unreserved, undesignated fund balance*.
- The District's has not yet issued any long-term debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village Community Development District No. 8'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. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The **Statement of Net Assets** presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Village Community Development District No. 8 is improving or deteriorating.

The **Statement of Activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 taxes, 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, capital projects, and debt service. The District has yet to issue any debt and has not yet initiated any capital projects. 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 at pages 8-9 of this report.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Management's Discussion and Analysis (UNAUDITED) September 30, 2007

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 Village Community Development District No. 8, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds. 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. *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 governmental fund, the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

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

The basis 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 assets as of September 30, 2007 and September 30, 2006 were \$45,020 and \$2,175, respectively, representing a increase of approximately \$43,000. The District's revenues for the years ended September 30, 2007 and September 30, 2006, including developer contributions and investment earnings, were approximately \$1.252 million and \$1.038 million, respectively. The District's expenses for the years ended September 30, 2007 and September 30, 2006 were \$1.209 million and \$1.038 million, respectively. Table 1 reflects the summary statement of net assets for the current year and prior year.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Management's Discussion and Analysis
(UNAUDITED)
September 30, 2007

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Table 1

	Net Assets	
	Governmental Activities	
	September 30, 2007	September 30, 2006
Assets:		
Cash	\$ 45,248	2,197
Total assets	45,248	2,197
Liabilities :		
Accounts payable	228	22
Total liabilities	228	22
Net assets:		
Unrestricted	45,020	2,175
Total net assets	\$ 45,020	2,175

All of the District's net assets are unrestricted and available for expenditure at the discretion of the District.

Table 2 below reflects the summary statement of Changes in Net Assets for the current year and prior year.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Management's Discussion and Analysis
(UNAUDITED)
September 30, 2007

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Table 2

Changes in Net Assets

	Governmental Activities	
	September 30, 2007	September 30, 2006
Revenues:		
Developer contributions	\$ 1,249,780	1,036,958
Investment income	1,991	884
Total revenues	1,251,771	1,037,842
Expenses:		
General government	1,208,926	1,037,776
Total expenses	1,208,926	1,037,776
Increase in net assets	\$ 42,845	66

Revenues

Revenues include developer contributions for landscape maintenance. Investment earnings on cash balances held during the year are the other source of revenue to the District. These revenues increased by 20.6 percent as the District is approaching the beginning of development, and more landscape areas have been established.

Expenses

General government expenses of the District are mainly for landscaping, irrigation, utilities and maintenance costs. Expenses increased by 16.5 compared to the previous years as the landscape area grew in size.

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.

Governmental Funds. The focus of the District's *governmental fund* 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, *unreserved 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 2007, the District's governmental fund reported an ending fund balance of \$45,020, an increase of \$42,845 in comparison with the end of fiscal year 2006. This entire amount constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Management's Discussion and Analysis (UNAUDITED) September 30, 2007

The general fund is the operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance to total fund expenditures. Total fund balance represents 3.7 percent of total general fund expenditures.

No debt was issued by the District during fiscal year 2007.

General Fund Budgetary Highlights

During the year there was a no change in the appropriations for the general fund between the original and final budget. The District expended 96.3 percent of the amount appropriated.

Capital Asset and Debt Administration

Capital Assets. The District had no capital assets as of September 30, 2007 and September 30, 2006, respectively.

Long-term Debt. At September 30, 2007 and September 30, 2006, the District had no long-term debt outstanding.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rates in Sumter County where the District is located was 3.1 percent in September 2007 which is a slight increase from a rate of 2.8 percent a year ago. This compares favorably with the State's average unemployment rate of 4.3 percent and the national average rate of 4.5 percent.
- Inflationary trends in the area compare favorably to national indices. The national Consumer Price Increase (CPI) annual increase for all urban consumers changed unfavorably from 2.06 percent in September 2006 to 2.76 percent in September 2007.

These factors were considered in preparing the Districts' budget for the 2008 fiscal year. Total annual projected revenues and expenditures have increased in the FY 2008 budget by about \$305,000 compared to the FY 2007 amended budget, primarily to maintain additional landscape areas.

Request for Information

The District's financial statements are designed to present users (citizens, 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 Villages District Finance Department at 3201 Wedgewood Lane, The Villages, FL 32162; telephone (352) 753-0421.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Statement of Net Assets

September 30, 2007

	Assets	Governmental Activities
Cash		\$ 45,248
Total assets		<u>45,248</u>
	Liabilities	
Accounts Payable		<u>228</u>
Total liabilities		<u>228</u>
	Net Assets	
Unrestricted		<u>45,020</u>
Total net assets		\$ <u><u>45,020</u></u>

See accompanying notes to basic financial statements.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Statement of Activities

Year ended, September 30, 2007

Functions/Programs	Expenses	Program revenues		Net (expense) revenue and changes in net assets	
		Charges for services	Operating contributions	Governmental activities	Total
Governmental activities:					
General government	\$ 1,208,926	1,249,780	--	40,854	40,854
Total governmental activities	1,208,926	1,249,780	--	40,854	40,854
Total primary government	1,208,926 ✓	1,249,780 ✓	--	40,854	40,854
General revenues:					
Investment earnings				1,991	1,991
Total general revenues				1,991	1,991
Change in net assets				42,845	42,845
Net assets – beginning				2,175	2,175
Net assets – ending				\$ 45,020	\$ 45,020

See accompanying notes to basic financial statements.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Balance Sheet – General Fund

September 30, 2007

	<u>General</u>
Assets	
Cash	\$ 45,248
Total assets	<u>45,248</u>
Liabilities:	
Accounts Payable	<u>228</u>
Total liabilities	<u>228</u>
Fund balance:	
Unreserved	<u>45,020</u>
Total fund balance	<u>45,020</u>
Total liabilities and fund balance	<u>\$ 45,248</u>

See accompanying notes to basic financial statements.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets

September 30, 2007

Total fund balances, governmental funds	\$	45,020
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Construction in progress		—
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Special assessment revenue bonds	—	
Accrued interest	—	—
	<hr/>	
Certain long-term assets are not available to pay for current period expenditures and therefore are not included in the funds:		
Unamortized bond issuance costs		
		<hr/>
Net assets of governmental activities	\$	<u>45,020</u>

See accompanying notes to basic financial statements.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

**Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds**

Year ended September 30, 2007

	<u>General</u>
Revenues:	
Developer contributions	\$ 1,249,780
Interest income	1,991
Total revenues	<u>1,251,771</u>
Expenditures:	
Current – general government	<u>1,208,926</u>
Total expenditures	<u>1,208,926</u>
Excess of revenues over expenditures	<u>42,845</u>
Net change in fund balance	42,845
Fund balance, at beginning of year	<u>2,175</u>
Fund balance, at end of year	<u>\$ 45,020</u>

See accompanying notes to basic financial statements.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities**

Year ended September 30, 2007

Net change in fund balances -- total governmental funds \$ 42,845

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.

Governmental funds report the costs of bond issuance as expenditures. However, in the statement of activities, bond issuance costs are capitalized and allocated over the term of the related bonds as amortization expense. This is the amount by which bond issuance costs exceeded amortization expense in the current period.

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

Accrued interest

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets.

Change in net assets of governmental activities

\$ 42,845

See accompanying notes to basic financial statements.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8

General Fund

Statement of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual

Year ended September 30, 2007

	Budgeted Amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues:				
Developer contributions	\$ 1,249,780	1,249,780	1,249,780	-
Interest income	5,000	5,000	1,991	(3,009)
Total revenues	<u>1,254,780</u>	<u>1,254,780</u>	<u>1,251,771</u>	<u>(3,009)</u>
Expenditures:				
General government:				
Professional services	87,909	87,909	87,756	153
Accounting & audit	10,000	10,000	6,500	3,500
Repairs and maintenance/landscape	1,106,421	1,106,421	1,106,421	-
Utilities	50,000	50,000	—	50,000
Postage	—	—	8	(8)
Other current charges	250	250	8,066	(7,816)
Dues and Subs	200	200	175	25
Total expenditures	<u>1,254,780</u>	<u>1,254,780</u>	<u>1,208,926</u>	<u>45,854</u>
Excess of revenues over expenditures	—	—	42,845	42,845
Fund balances, at beginning of year	—	—	2,175	2,175
Fund balances, at end of year	<u>\$ —</u>	<u>—</u>	<u>45,020</u>	<u>45,020</u>

See accompanying notes to basic financial statements.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Notes to Basic Financial Statement
September 30, 2007

(1) **Summary of Significant Accounting Policies**

(a) **Reporting Entity**

Village Community Development District No. 8 (the District) was established October 1, 2004 for the purpose of planning, financing, constructing, operating, and maintaining certain community-wide infrastructure for a community development district located entirely within Sumter County, Florida. The District was created by Sumter County Commission Ordinance No. 04-36 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, 2007, each member of the Board of Supervisors is an employee or affiliate of the Developer.

The land within the District is part of the active adult retirement community known as "The Villages". The Villages consists of approximately 20,256 acres spanning the borders of Lake, Sumter and Marion Counties and the Town of Lady Lake, Florida, and when fully developed is expected to include 55,960 residences and approximately 100,000 residents. The Villages of Lake-Sumter, Inc. was the developer and initial owner of the property within the District. Development and sale of property within District No. 8 had not yet begun as of September 30, 2007. 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 Districts No. 6 and 7, north of District No. 8.

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 however twelve Community Development Districts (CDD) in the total makeup 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 and security services, and 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 maintenance assessments.
- Village CDD No. 1 (Sumter County) – This CDD's boundary consists of approximately 998 acres in the northeast corner of the county. The development includes construction of 3,427 residential units.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Notes to Basic Financial Statement
September 30, 2007

(1) **Summary of Significant Accounting Policies (continued)**

(a) **Reporting Entity (continued)**

- Village CDD No. 2 (Sumter County) – This CDD’s boundary consists of approximately 990 acres in the northeast corner of the county. The development includes construction of 3,672 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 includes construction of 3,762 residential units.
- Village CDD No. 4 (Marion County) – This CDD’s boundary consists of approximately 1,187 acres in the southern portion of the county. The development includes construction of 5,141 residential units.
- 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 includes construction of 6,399 residential units.
- Village CDD No. 6 (Sumter County) – This CDD’s boundary consists of approximately 1,008 acres in the northeast corner of the county. Planned development includes construction of 4,621 residential units.
- Village CDD No. 7 (Sumter County) – This CDD’s boundary consists of approximately 976 acres in the northeast corner of the county. Planned development includes construction of 4,745 residential units.
- Village CDD No. 8 (Sumter County) – This CDD has been formed, but is not yet being developed as of September 30, 2007.
- Village CDD No. 9 (Sumter County) – This CDD has been formed, but is not yet being developed as of September 30, 2007.
- Village CDD No. 10 (Sumter County) – This CDD has been formed, but is not yet being developed as of September 30, 2007.

Certain 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.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Notes to Basic Financial Statement
September 30, 2007

(1) **Summary of Significant Accounting Policies (continued)**

(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 assets 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 assets 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 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's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB 34. The General Fund meets this definition and is designated as a major fund.

Program revenues in the Statement of Activities consist primarily of developer contribution revenues.

Net assets are categorized as invested in capital assets, net of related debt, restricted and unrestricted.

Invested in capital assets, net of related debt is intended to reflect the portion of net assets which are associated with capital assets net of accumulated depreciation less outstanding capital asset related debt. Related debt is the debt less any associated unamortized issuance costs.

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

Unrestricted net assets represent net assets not included in invested in capital assets, net of related debt or restricted net assets.

(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.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Notes to Basic Financial Statement
September 30, 2007

(1) **Summary of Significant Accounting Policies (continued)**

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

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.

The following is the District's major governmental fund:

General Fund

The general fund is the operating fund of the District and is used to account for all financial resources of the general government except those required to be accounted for in another fund.

(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 general 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 which is the same as the final budget.

(e) ***Assets, Liabilities, and Net Assets or Equity***

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

- Demand Deposits and Related Repurchase Agreements

The repurchase agreements are stated at cost which approximates fair value.

(1) **Summary of Significant Accounting Policies (continued)**

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:

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Notes to Basic Financial Statement
September 30, 2007

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

To date, the District has not acquired any capital assets.

3. Bond Issuance Costs

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period current when the debt is issued. The face amount of debt issued is reported as other financial sources. Premiums are reported as other financial sources, while discounts are reported as other financial uses. Issuance costs are reported as other debt services expenditures.

To date the District has not issued any debt.

(f) 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. Actual results could differ from those estimates.

(2) Investments

<u>Investment Type</u>	<u>Fair Value at September 30, 2007</u>	<u>Weighted Average Maturity (days)</u>	<u>Credit Rating</u>
Repurchase Agreement	\$ 45,148	overnight	n/a

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Notes to Basic Financial Statement
September 30, 2007

(2) Investments (continued)

The District's investments consist of operating cash maintained with Citizens First Bank, an authorized Public Depository pursuant to Chapter 280, Florida Statutes. The majority of these funds are maintained in an overnight repurchase agreement, not considered a deposit. These amounts are collateralized by U.S. Government and U.S. Government Agency securities.

Custodial Credit Risk

The repurchase agreement is an obligation of Citizen's First Bank. The securities pledged as collateral are held by a safekeeping agent. In the event of insolvency of the bank the District may become an unsecured creditor to the extent the market value of the federal agency security falls below the amount invested during the tenure of the repurchase agreement.

Interest Rate Risk

The short term liquidity of the cash equivalents and investments minimizes the impact that interest rate risk may have on the District.

Concentration of Credit Risk

Type of Investment:	Issuer:	% of Total Investments
Repurchase Agreement	Citizen's First Bank	99.78%

Investment Policy

The District is authorized to invest in those financial instruments as established by the Investment Policy of the District. This policy allows investments allowed under *Florida Statutes* 218.415 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 Inter-local Cooperation Act as provided in s. 163.01.
- 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 s. 280.02.
- 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 consist of obligations of the United States Government, its agencies and instrumentalities. The repurchase agreement shall be collateralized at 102 percent of the value of the District's investment.

VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 8
Notes to Basic Financial Statement
September 30, 2007

(3) Related Parties

The District has no employees. For certain management, finance, and administrative services, the District entered into an inter-local agreement with Sumter Landing Community Development District and Village Center Community Development District (Center Districts), community development districts created under Florida Statute 190. Under the agreement, fees accrued to Center District by the District for such services totaled \$31,682 for the year ended September 30, 2007.

The Developer provides to Center District at no cost information system support, including software, hardware, computer programming and internal mail room operations. The Center District then passes on this benefit to the District.

Engineering services were provided to the District by the Developer, some of which were for no charge.

Substantially all capital costs for infrastructure were acquired from the Developer or paid on contracts that were assigned to the District by the Developer using bond proceeds in either the current or previous years.

(4) Risk Management

The District is exposed to various risks 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 for the past three years.

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
Village Community Development District No. 8
The Villages, Florida

We have audited the financial statements of the governmental activities and each major fund of Village Community Development District No. 8 (the District), as of and for the year ended September 30, 2007, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain matters that we reported to management of the District in a separate letter dated February 7, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

Board of Supervisors
Village Community Development District No. 8
The Villages, Florida

**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***

Compliance and Other Matters (*Concluded*)

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 that are required to be reported under *Government Auditing Standards*.

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

Purvis, Craig and Company, LLP

February 7, 2008
Ocala, Florida

MANAGEMENT LETTER

Board of Supervisors
Village Community Development District No. 8
The Villages, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Village Community Development District No. 8 (the District), as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated February 7, 2008.

We have issued our independent auditors' report on compliance and on internal control over financial reporting and on compliance and other matters dated February 7, 2008. Disclosures in this report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(i)1.] require that we comment as to whether or not corrective action has been taken to address significant findings and recommendations made in the preceding annual financial audit report. All prior year comments have been addressed by the District.

The *Rules of the Auditor General* [Section 10.554(1)(i)2.] require that we determine whether the District complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Section 10.554(1)(i)3.] require us to provide any recommendations to improve the District's financial management, accounting procedures, and internal controls.

The *Rules of the Auditor General* [Section 10.554(1)(i)4.] require that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General [Section 10.554(1)(i)5.] requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; (3) control deficiencies that are not significant deficiencies, including, but not limited (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. In connection with our audit, we did not have any such findings.

Certified Public Accountants

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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
Village Community Development District No. 8
The Villages, Florida

MANAGEMENT LETTER
(Concluded)

The *Rules of the Auditor General* [Section 10.554(1)(i)6.] also require that the name or official title and legal authority for the government be disclosed in the management letter, unless disclosed in the notes to the financial statements. See note 1 of the September 30, 2007, Village Community Development District No. 8 basic financial statements for this information.

As required by the *Rules of the Auditor General* [Section 10.554(1)(i)7.(a)], the scope of our audit included a review of the provisions of Section 218.503(1)(a), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the District did not meet one or more of the financial emergency criteria described in Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* [Section 10.554(1)(i)7.(b)], we determined that the annual financial report for the District for the fiscal year ended September 30, 2007, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

As required by the *Rules of the Auditor General* [Section 10.554(1)(i)7.(c)], we applied financial condition assessment procedures pursuant to Rule 10.556(7). There were no findings of deteriorating financial condition, which were required to be reported.

This management letter is intended solely for the information and use of the Board of Supervisors, management and the Auditor General of the State of Florida, 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, Craig and Company, LLP

February 7, 2008
Ocala, Florida



February 8, 2008

Board of Supervisors
Village Community Development District No. 8
The Villages, Florida 32162

RE: Management Response Letter

Dear Supervisors:

Attached is the completed audit for fiscal year 2006-2007 for Village Community Development District No. 8. We are proud to report that this audit has an unqualified opinion that has no comments concerning internal controls, compliance issues, and other management letter concerns. 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 Village Community Development District No. 8 sets 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,

David R. Miles, CGFO
Finance Director

Janet Y. Tutt
District Manager

VILLAGE COMMUNITY DEVELOPMENT NO. 8
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