



# **SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Basic Financial Statements

September 30, 2008

(With Independent Auditors' Report Thereon)

# SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

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**INDEPENDENT AUDITORS' REPORT**

Board of Supervisors  
Sumter Landing Community Development District  
The Villages, Florida

We have audited the accompanying basic financial statements of the governmental activities, business-type activities and each major fund of Sumter Landing Community Development District (the District), as of and for the year ended September 30, 2008, 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, business-type activities and each major fund of the District as of September 30, 2008, and the respective changes in financial position, budgetary comparison of the general fund and special revenue fund, and cash flows, where applicable, thereof 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 3, 2009, 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**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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Board of Supervisors  
Sumter Landing Community Development District  
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.

*Rivis, Gray and Company, LLP*

February 3, 2009  
Ocala, Florida

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

### Management Discussion and Analysis

(UNAUDITED)

September 30, 2008

The Sumter Landing 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

- The assets of the District exceeded its liabilities as of September 30, 2008 by \$44,558,532.
- The District's total net assets increased by \$1,064,645. This increase in net assets resulted from the increase in cash and other current assets, primarily in the governmental funds.
- At the close of the fiscal year, the District's governmental funds reported combined fund balances of \$4,589,348, a net increase of \$1,240,065 compared to the prior year. Of the total, \$2,137,163 is available for spending at the District's discretion as *unreserved, undesignated fund balance*.
- The District's total long-term debt decreased by \$917,241 during the current fiscal year. The decrease relates primarily to principal payments made on outstanding revenue bonds during the year ended September 30, 2008.
- At the end of the fiscal year, a major reorganization of District organizational structures was accomplished between the Village Center Community Development District and the Sumter Landing Community Development District. In this change, all Sumter Landing District employees were transferred to the Village Center District, effective October 1, 2008, with the Sumter Landing District providing for reimbursement for the costs of their services to the Village Center Community Development District. This will allow for the more efficient and consistent delivery of services throughout the service areas served by both Districts in The Villages. The final payroll for the Sumter Landing District was for the pay period ended September 30, 2008, which coincided with the end of the fiscal year.
- The reorganization of the Sumter Landing and Village Centers in the upcoming budget for fiscal year 2008-2009, provides for the merger of several departments into single organizations within the Village Center Community Development District to perform the required services for all Districts of The Villages. Departments affected included Administration, Community Watch (previously Neighborhood Watch and Village Watch), Community Standards, Finance, Property Management, and Recreation.

#### Overview of the Financial Statements:

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The **Statement of Net 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 Sumter Landing Community Development District is improving or deteriorating.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

### Management Discussion and Analysis

(UNAUDITED)

September 30, 2008

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 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 environmental services. The business-type activities of the District include the Sumter Landing Amenities Division which provides general governmental, debt service and culture and recreation services. The District has no component units, as all functions are performed by the primary government.

The government-wide financial statements are provided at pages 9-10 of this report.

**The Fund Financial Statements**, which report by individual fund, begin on page 11. 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 Sumter Landing Community Development District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Lake Sumter Landing General Fund and the Project Wide Special Revenue Fund are the two remaining governmental funds of the District. The Sumter Landing Amenities Division (SLAD) fund is the only proprietary fund in 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 two continuing governmental funds. 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 Lake Sumter Landing General Fund and the Project Wide Special Revenue Fund, both of which are considered to be major funds.

The District adopts an annual budget for both major governmental funds. Budgetary comparison statements for both remaining funds can be found at pages 15-16 of this report.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

### Management Discussion and Analysis

(UNAUDITED)

September 30, 2008

**Proprietary funds.** The District maintains one proprietary fund, the Sumter Landing Amenities Division (SLAD) Enterprise Fund. Enterprise funds, a category of proprietary funds, are included as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sumter Landing Amenities Division, which is considered to be a major fund of the Sumter Landing Community Development District.

The basic proprietary fund financial statements can be found on pages 17-20 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 to the financial statements can be found beginning on page 21 of this report.

#### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$44.6 million as of September 30, 2008, representing an increase of \$1.1 million from the net assets of approximately \$43.5 million as of September 30, 2007. The increase in net assets for September 30, 2008 is mainly due to the significant increase in the fund balance of the Project Wide Fund.

The District's net assets are categorized as follows as of September 30, 2008:

*Invested in capital assets, net of related debt.* This portion of the District's net assets (77.4%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

*Restricted for debt service.* An additional portion of the District's net assets (3.1%) represents resources that are subject to external restrictions on how they may be used. The District's restricted net assets are for purposes of meeting its debt service obligations.

*Unrestricted net assets.* The remaining balance of the District's net assets (19.5%) may be used to meet the District's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true in the prior year.

Table 1, on the next page, reflects the summary statement of net assets for the current and prior years.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**  
**Management Discussion and Analysis**  
**(UNAUDITED)**  
**September 30, 2008**

**Table 1**  
**Summary Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total	
	September 30,		September 30,		September 30,	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and other assets	\$ 2,754,116	3,796,534	11,560,362	8,028,101	14,314,479	11,824,635
Bond issuance costs (net of accumulated amortization)	-	-	2,764,231	2,856,373	2,764,231	2,856,373
Capital assets, net of accumulated depreciation	38,435,140	39,360,752	38,771,814	39,645,356	77,206,954	79,006,108
Intangible assets, net of accumulated amortization	-	-	18,437,428	18,935,734	18,437,428	18,935,734
<b>Total Assets</b>	<b>41,189,256</b>	<b>43,157,286</b>	<b>71,533,835</b>	<b>69,465,564</b>	<b>112,723,092</b>	<b>112,622,850</b>
<b>Liabilities:</b>						
Current and other liabilities	335,468	447,251	6,092,553	3,857,231	6,428,021	4,304,482
Long-term liabilities	-	-	63,907,240	64,824,481	63,907,240	64,824,481
<b>Total Liabilities</b>	<b>335,468</b>	<b>447,251</b>	<b>69,999,792</b>	<b>68,681,712</b>	<b>70,335,261</b>	<b>69,128,963</b>
<b>Net assets (deficit)</b>						
Invested in capital assets, net of related debt	38,435,140	39,360,752	(3,933,768)	(3,196,669)	34,501,372	36,164,083
Restricted for debt service	-	-	1,365,168	1,265,564	1,365,168	1,265,564
Unrestricted	4,589,348	3,349,283	4,102,644	2,714,957	8,691,992	6,064,240
<b>Total net assets</b>	<b>43,024,488</b>	<b>42,710,035</b>	<b>1,534,044</b>	<b>783,852</b>	<b>44,558,532</b>	<b>43,493,887</b>

***Governmental Activities***

Governmental activities increased the District's net assets by \$314,453 during the year ended September 30, 2008. For the most part, increases in revenues and expenses closely paralleled the growth in demand for services as the number of homeowners in areas served by the District continued to increase.

***Business-type Activities***

Business-type activities increased the District's net assets by \$750,192 during the year ended September 30, 2008. The District's business-type activities consist of amenities services provided to District residents. The number of residents served by the District continued to grow during the year, with almost 2200 new residential units occupied in areas of The Villages served by the District.

Table 2, on the next page, reflects the summary statement of activities for the current and prior years.



**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**  
**Management Discussion and Analysis**  
**(UNAUDITED)**  
**September 30, 2008**

**Table 2**  
**Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	September 30,		September 30,		September 30,	
	2008	2007	2008	2007	2008	2007
<b>Operating revenues:</b>						
Charges for services	\$ -		12,264,750	11,432,730	12,264,750	11,432,730
Special assessments	7,903,935	6,652,770	-	-	7,903,935	6,652,770
Miscellaneous revenue	35,746	21,125	3,120,830	2,341,177	3,156,576	2,362,302
<b>General revenues:</b>						
Investment earnings	39,769	96,177	144,893	233,179	184,662	329,356
<b>Total revenues</b>	<u>7,979,450</u>	<u>6,770,072</u>	<u>15,530,473</u>	<u>14,007,086</u>	<u>23,509,923</u>	<u>20,777,158</u>
<b>Expenses:</b>						
General government	6,607,466	5,134,522	-	-	6,607,466	5,134,522
Recreational amenities	-	-	10,151,679	8,543,439	10,151,679	8,543,439
Depreciation and amortization	1,057,531	1,056,665	1,504,270	1,493,674	2,561,801	2,550,339
Interest on long-term debt	-	-	3,124,332	3,156,883	3,124,332	3,156,883
<b>Total expenses</b>	<u>7,664,997</u>	<u>6,191,187</u>	<u>14,780,281</u>	<u>13,193,996</u>	<u>22,445,278</u>	<u>19,385,183</u>
<b>Transfers:</b>						
Transfer in (out)	-	1,500,000	-	(1,500,000)	-	-
<b>Changes in net assets</b>	314,453	2,078,886	750,192	(686,910)	1,064,645	1,391,976
<b>Total net assets, beginning</b>	<u>42,710,035</u>	<u>40,631,149</u>	<u>783,852</u>	<u>1,470,762</u>	<u>43,493,887</u>	<u>42,101,911</u>
<b>Total net assets, ending</b>	<u>\$ 43,024,488</u>	<u>42,710,035</u>	<u>1,534,044</u>	<u>783,852</u>	<u>44,558,532</u>	<u>43,493,887</u>

**General Fund Budgetary Highlights**

During the year, there was a \$73,311 decrease in the appropriations for the general fund between the original and final budget. There was also a decrease in the appropriations of the Project Wide Special Revenue Fund by \$1,637,743. In both funds, anticipated expenditures were less than originally forecast.

**Capital Asset and Debt Administration**

**Capital Assets**

The District's capital assets as of September 30, 2008 and 2007 amounted to \$77,206,954 and \$79,006,108, respectively. This is net of accumulated depreciation and includes land, buildings, improvements other than buildings, furniture and equipment, and construction in progress. The decrease resulted from depreciation expenses during the year exceeding new assets acquired. Additional information regarding the District's capital assets can be found in Note 3 to the financial statements.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

### Management Discussion and Analysis

(UNAUDITED)

September 30, 2008

#### **Long-term Debt**

As of September 30, 2008 and 2007, the District had long-term debt outstanding of \$63,907,240 and \$64,824,481, respectively. All of the debt in 2008 was revenue bond debt and secured by amenity fee revenue sources. The debt as of September 30, 2008 consists of Recreational Revenue Bonds issued during fiscal year 2005. This debt is secured by a lien and pledge of revenues under the indentures which are derived by the District from the users of the recreational facilities. Additional information regarding the District's long-term debt can be found in Note 4 of the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate in Sumter County, where the District is located, was 4.5 percent in September 2008 which is an increase from a rate of 3.1 percent a year ago. This compares favorably with the State's average unemployment rate of 6.8 percent and the national average rate of 6.0 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 2.76 percent in September 2007 to 4.94 percent in September 2008.

These factors were considered in preparing the Districts' budget for the 2009 fiscal year. Total annual projected revenues have decreased in the FY 2009 budget by about \$1.625 million (6.89%) compared to the FY 2008 amended budget. Most of the revenue decrease was in the Project Wide fund as the District has reduced the fees charged to the benefiting Districts in FY 2009, to bring the fees more in line with expected expenditures for landscaping and other services. The total expenditures budget has increased by \$261,021 (1.27%) from the FY 2008 final budget to the FY 2009 budgeted appropriations. As the majority of growth in The Villages is occurring in the Sumter Landing District service areas, both the Lake Sumter Landing fund and the Project Wide fund are projecting minor increases in the coming year.

#### **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 Village Community Development Districts, Finance Department at 3201 Wedgewood Lane, The Villages, FL 32162; telephone (352) 753-0421.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Statement of Net Assets

September 30, 2008

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and cash equivalents	\$ 2,578,391	\$ 8,697,029	\$ 11,275,420
Due from other governments	—	529,587	529,587
Due from developer	—	441,535	441,535
Accounts receivable	175,725	1,812,232	1,987,957
Prepays	—	79,979	79,979
Investments	2,170,700	—	2,170,700
Capital assets:			
Land	—	7,810,800	7,810,800
Buildings and structures	—	30,325,579	30,325,579
Improvements other than buildings	42,398,499	2,800,919	45,199,418
Machinery and equipment	—	440,437	440,437
Less accumulated depreciation	(3,963,359)	(2,605,920)	(6,569,279)
Bond issuance costs (net of accumulated amortization)	—	2,764,231	2,764,231
Intangible assets (net of accumulated amortization)	—	18,437,428	18,437,428
Total assets	<u>43,359,956</u>	<u>71,533,836</u>	<u>114,893,792</u>
<b>Liabilities</b>			
Accounts payable	334,551	147,974	482,525
Accrued expenses	—	175,422	175,422
Accrued interest payable	—	1,565,470	1,565,470
Due to others	917	691,643	692,560
Unearned revenue	—	1,426,883	1,426,883
Compensated absences	—	42,864	42,864
Due to Developer	—	2,042,296	2,042,296
Long-term debt:			
Due within one year	—	945,000	945,000
Due in more than one year	—	62,962,240	62,962,240
Total liabilities	<u>335,468</u>	<u>69,999,792</u>	<u>70,335,260</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	38,435,140	(3,933,768)	34,501,372
Restricted for Debt Service	—	1,365,168	1,365,168
Unrestricted	4,589,348	4,102,644	8,691,992
Total net assets	<u>\$ 43,024,488</u>	<u>\$ 1,534,044</u>	<u>\$ 44,558,532</u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Statement of Activities

Year Ended September 30, 2008

Functions/Programs	Program revenues			Net (expense) revenue and changes in net assets			
	Expenses	Charges for services	Operating contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 7,664,997	7,939,681	—	—	274,684	—	274,684
Total governmental activities	7,664,997	7,939,681	—	—	274,684	—	274,684
Business-type activities:							
Sumter Landing Amenities Division	14,780,281	15,385,580	—	—	—	605,299	605,299
Total business-type activities	14,780,281	15,385,580	—	—	—	605,299	605,299
Total primary government	\$ 22,445,278	23,325,261	—	—	274,684	605,299	879,983
General revenues:							
Investment earnings					39,769	144,893	184,662
Transfers in (out)					—	—	—
Total general revenues					39,769	144,893	184,662
Change in net assets					314,453	750,192	1,064,645
Net assets – beginning					42,710,035	783,852	43,493,887
Net assets – ending					\$ 43,024,488	\$ 1,534,044	\$ 44,558,532

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT  
LAKE SUMTER LANDING & PROJECT WIDE**

Balance Sheet – Governmental Funds

September 30, 2008

	<b>Lake Sumter Landing</b>	<b>Project Wide</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 272,808	2,305,584	2,578,391
Investments	365,681	1,805,018	2,170,700
Accounts receivables	14,546	161,179	175,725
Total assets	653,035	4,271,781	4,924,816
<b>Liabilities:</b>			
Accounts payable	40,210	294,341	334,551
Due to other governments	—	917	917
Total liabilities	40,210	295,258	335,468
<b>Fund balances:</b>			
Operating reserves	120,000	—	120,000
Reserved for renewal & replacement	430,793	1,901,392	2,332,185
Unreserved	62,032	2,075,131	2,137,163
Total fund balances	612,825	3,976,523	4,589,348
Total liabilities and fund balances	\$ 653,035	4,271,781	4,924,816

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT  
LAKE SUMTER LANDING & PROJECT WIDE**

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

September 30, 2008

Total fund balances, governmental funds	\$	4,589,348
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:		
Capital assets		42,398,499
Less accumulated depreciation		<u>(3,963,359)</u>
		38,435,140
Net assets of governmental activities	\$	<u>43,024,488</u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT  
GOVERNMENTAL FUNDS**

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

Year Ended September 30, 2008

	<u>Lake Sumter Landing</u>	<u>Project Wide</u>	<u>Total</u>
Revenues:			
Special assessments	\$ 1,347,992	6,555,943	7,903,935
Misc revenue	-	35,746	35,746
Interest income	4,840	34,929	39,769
Total revenues	<u>1,352,832</u>	<u>6,626,618</u>	<u>7,979,450</u>
Expenditures:			
Current:			
General government	1,233,290	5,506,095	6,739,385
Total expenditures	<u>1,233,290</u>	<u>5,506,095</u>	<u>6,739,385</u>
Net change in fund balances	<u>119,542</u>	<u>1,120,523</u>	<u>1,240,065</u>
Fund balances, at beginning of year	<u>493,283</u>	<u>2,856,000</u>	<u>3,349,283</u>
Fund balances, at end of year	\$ <u><u>612,825</u></u>	<u><u>3,976,523</u></u>	<u><u>4,589,348</u></u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT  
LAKE SUMTER LANDING and PROJECT WIDE**

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

Year Ended September 30, 2008

Net change in fund balances – total governmental funds	\$ 1,240,065
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 of depreciation less capital outlay expensed in the fiscal year.	(925,612)
Change in net assets of governmental activities	<u>\$ 314,453</u>

See accompanying notes to basic financial statements.



**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**  
**LAKE SUMTER LANDING GENERAL FUND**  
Statement of Revenues, Expenditures and Changes in  
Fund Balances – Budget and Actual  
Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 1,347,992	1,347,992	1,347,992	-
Interest income	12,000	9,557	4,840	(4,717)
Total revenues	<u>1,359,992</u>	<u>1,357,549</u>	<u>1,352,832</u>	<u>(4,717)</u>
Expenditures:				
Management fees & professional services	157,291	157,861	157,861	-
Repair and maintenance/landscape	367,703	306,940	328,756	(21,816)
Infrastructure maintenance	76,033	57,275	58,460	(1,185)
Repairs & maintenance Project Wide	107,518	107,518	107,518	-
Building & structures maintenance	105,400	86,888	102,651	(15,763)
Porter service	198,242	252,994	252,994	-
Utility services	254,630	223,442	224,262	(820)
Operating supplies	200	788	788	-
Total expenditures	<u>1,267,017</u>	<u>1,193,706</u>	<u>1,233,290</u>	<u>(39,584)</u>
Excess of revenues over expenditures	<u>92,975</u>	<u>163,843</u>	<u>119,542</u>	<u>(44,301)</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>92,975</u>	<u>163,843</u>	<u>119,542</u>	<u>(44,301)</u>
Fund balances, at beginning of year	493,283	493,283	493,283	0
Fund balances, at end of year	<u>\$ 586,258</u>	<u>657,126</u>	<u>612,825</u>	<u>(44,301)</u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT  
PROJECT WIDE FUND**

Statement of Revenues, Expenditures and Changes in  
Fund Balances – Budget and Actual  
Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Special assessments	\$ 6,535,943	6,555,943	6,555,943	-
Miscellaneous revenue		35,746	35,746	-
Interest income	—	57,619	34,929	(22,690)
Total revenues	<u>6,535,943</u>	<u>6,649,308</u>	<u>6,626,618</u>	<u>(22,690)</u>
<b>Expenditures:</b>				
Professional fees	50,638	46,569	51,210	(4,641)
Repair and maintenance/landscape	4,563,180	3,320,096	3,471,288	(151,192)
Landscape lighting	16,000	9,731	10,531	(800)
Landscape irrigation repairs	77,000	55,924	58,258	(2,334)
Retention area/preserves	866,675	735,097	782,962	(47,865)
Miscellaneous maintenance & repairs	193,000	156,702	333,772	(177,070)
Utility services	422,000	416,307	436,431	(20,124)
Road & bridge maintenance	80,819	77,403	77,403	-
Lake Sumter maintenance	59,000	51,402	52,190	(788)
Other structures & improvements	82,200	47,592	49,392	(1,800)
Tunnel maintenance	44,000	50,579	50,706	(127)
Operating supplies	250	33	33	-
Capital outlay	219,789	69,373	131,919	(62,546)
Total expenditures	<u>6,674,551</u>	<u>5,036,808</u>	<u>5,506,095</u>	<u>(469,287)</u>
Excess of revenues over expenditures	<u>(138,608)</u>	<u>1,612,500</u>	<u>1,120,523</u>	<u>(491,977)</u>
<b>Other financing sources:</b>				
Transfers in	—	—	—	-
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>-</u>
Net change in fund balance	<u>(138,608)</u>	<u>1,612,500</u>	<u>1,120,523</u>	<u>(491,977)</u>
Fund balances, at beginning of year	2,856,000	2,856,000	2,856,000	0
Fund balances, at end of year	<u>\$ 2,717,392</u>	<u>4,468,500</u>	<u>3,976,523</u>	<u>(491,977)</u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Statement of Net Assets

Proprietary Funds

September 30, 2008

Assets	Sumter Landing Amenities Division (SLAD)
<b>Current assets:</b>	
Cash and cash equivalents	\$ 5,179,641
Restricted cash and cash equivalents with trustee	2,930,638
Accounts receivable	1,812,232
Due from other governments	529,587
Due from developer	441,535
Prepaid expenses	79,979
<b>Total current assets</b>	<u>10,973,612</u>
<b>Non-current assets:</b>	
Restricted cash and investments with trustee	586,750
<b>Capital assets:</b>	
Land	7,810,800
Buildings and structures	30,325,579
Improvements other than buildings and structures	2,800,919
Machinery and equipment	440,437
Less accumulated depreciation	(2,605,920)
Bond issuance costs (net of accumulated amortization)	2,764,231
Intangible assets (net of accumulated amortization)	18,437,428
<b>Total non-current assets</b>	<u>60,560,224</u>
<b>Total assets</b>	<u>71,533,836</u>
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable	147,974
Accrued expenses	175,422
Accrued interest payable	1,565,470
Deferred revenue	1,426,883
Compensated absences	42,864
Due to others	691,643
Due to developer	1,455,546
Current installments of revenue bonds payable	945,000
<b>Total current liabilities</b>	<u>6,450,802</u>
<b>Noncurrent liabilities:</b>	
Revenue bonds payable, net	62,962,240
Due to developer	586,750
<b>Total non-current liabilities</b>	<u>63,548,990</u>
<b>Total liabilities</b>	<u>69,999,792</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	(3,933,768)
Restricted for debt service	1,365,168
Unrestricted	4,102,644
<b>Total net assets</b>	<u>\$ 1,534,044</u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year Ended September 30, 2008

	<b>Sumter Landing Amenities Division (SLAD)</b>
Operating revenues:	
Charges for services	
Recreational amenity fees	\$ 10,739,501
Developer contribution	1,525,249
Other income	3,120,830
Total operating revenues	<u>15,385,580</u>
Operating expenses:	
Recreational amenity expenses	10,151,679
Depreciation	913,820
Amortization	590,450
Total operating expenses	<u>11,655,949</u>
Operating income	<u>3,729,631</u>
Non-operating revenue (expenses):	
Interest income	144,893
Interest expense	(3,124,332)
Total non-operating revenue (expenses)	<u>(2,979,439)</u>
Change in net assets	750,192
Total net assets, beginning	<u>783,852</u>
Total net assets, ending	<u>\$ 1,534,044</u>

See accompanying notes to basic financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Statement of Cash Flows

Proprietary Funds

Year Ended September 30, 2008

	<b>Sumter Landing Amenities Division (SLAD)</b>
Cash flows from operating activities:	
Receipts from customers	\$ 15,385,580
Payments to suppliers	(5,680,471)
Payments to employees	(4,326,056)
Net cash provided by operating activities	<u>5,379,053</u>
Cash flows from capital and related financing activities:	
Principal payments on capital debt	(910,000)
Interest paid on capital debt	(3,124,332)
Net cash used in capital and related financing activities	<u>(4,034,332)</u>
Cash flows from investing activities:	
Payment for capital assets	(40,280)
Interest received	144,893
Net cash provided by investing activities	<u>104,613</u>
Net increase in cash and cash equivalents	1,449,334
Cash and cash equivalents, beginning of year	<u>7,247,695</u>
Cash and cash equivalents, end of year	\$ <u>8,697,029</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net assets:	
Unrestricted cash and cash equivalents	\$ 5,179,641
Restricted cash and cash equivalents- current	2,930,638
Restricted cash and cash equivalents- non-current	586,750
Cash and cash equivalents	\$ <u>8,697,029</u>

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Statement of Cash Flows

Proprietary Funds

Year Ended September 30, 2008

	<b>Sumter Landing Amenities Division (SLAD)</b>
Reconciliation of operating income to net cash provided (used) in operating activities:	
Operating income	\$ 3,729,631
Adjustments to reconcile operating loss to net cash provided (used) in operating activities:	
Depreciation	913,820
Amortization	583,209
Cash provided by (used in) changes in:	
Due from/to Developer (net)	1,293,467
Due from/to other districts (net)	(120,519)
Due from/to other governments (net)	583,707
Prepaid expenses/accounts receivable	(1,817,960)
Accounts payable and accrued liabilities	(971,166)
Deferred revenue	1,184,863
Net cash provided by operating activities	\$ <u>5,379,053</u>

See accompanying notes to basic financial statements.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

### (1) Summary of Significant Accounting Policies

#### (a) Reporting Entity

Sumter Landing Community Development District (the District) was established in 2002 to manage and finance basic services for a development district located in The Villages, Florida. The District was created by Sumter County Commission Ordinance No. 02-06 pursuant to the provisions of Chapter 190.005 of the Florida Statutes and operates within the criteria established by Chapter 190. The District is governed by a five-member Board of Supervisors, who are elected on a rotating basis by the landowners within the District for terms from two to four years. As of September 30, 2008, each member of the Board of Supervisors is an employee of or affiliated with the Developer.

The District provides recreation and security services to the residents of a retirement community known as The Villages, located in The Villages, Florida. The Villages consists of approximately 21,589 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 54,050 residences and approximately 100,000 residents. The Villages of Lake-Sumter, Inc. was the developer and initial owner of the property within the District. The Villages continues to be developed by the developer, a family-owned business, established for the single purpose of developing The Villages.

There are no component units that are legally separate from the District. There are twelve Community Development Districts (CDD) 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 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 3,420 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 includes construction of 3,668 residential units.
- Village CDD No. 3 (Sumter County) – This CDD's boundary consists of approximately 895 acres in the northeast corner of the county. The development includes construction of 3,762 residential units.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

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

#### (a) Reporting Entity (continued)

- 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 5,132 residential units.
- Village CDD No. 5 (Sumter County) – This CDD’s boundary consists of approximately 1,406 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 1,496 acres in the northeast corner of the county. Planned development includes construction of 6,562 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 4,765 residential units.
- Village CDD No. 8 (Sumter County) – This CDD’s boundary consists of approximately 1,069 acres in the northeast corner of the county. Planned development includes construction of 4,938 residential units.
- Village CDD No. 9 (Sumter County) – This CDD has been formed, but is not yet being developed as of September 30, 2008.
- Village CDD No. 10 (Sumter County) – This CDD has been formed, but is not yet being developed as of September 30, 2008.

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.

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. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the proprietary fund in accordance with GASB Statement No. 20. The District’s more significant accounting policies are described below.



## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

### (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 consolidated 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 a given function or segment, which are offset by program 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.

Program revenues in the Statement of Activities consist primarily of special assessments for the government activity and charges for recreational amenities in proprietary funds.

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. The net related debt is the debt plus any associated unamortized issuance costs.

*Restricted net assets* are assets (generated from revenues) 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 assets* represent net assets not included in *invested in capital assets, net of related debt*, or *restricted net assets* that are available to meet the needs of creditors and governing board of the District.

#### (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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied.

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

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

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

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

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 and compensated absences are recognized to the extent they have matured.

The following are the District's two major governmental funds:

#### **Lake Sumter Landing General Fund**

The Lake Sumter Landing General Fund is used to account for all financial resources of the government for commercial area maintenance in the District. The fund receives revenue primarily in the form of special assessments levied against the benefiting commercial property owners with structures in the District. These fees in turn are used to maintain the property and landscaping in the Lake Sumter Landing commercial area.

#### **Project Wide Special Revenue Fund**

The Project Wide Special Revenue Fund was established in fiscal year 2006-2007 to assume the responsibilities of maintaining the landscaping along road right of ways and related drainage and water management structures that benefit the residents of Districts located south of Sumter County Route 466. All community development districts in this area contribute on a prorated acreage basis to fund the Project Wide fund for common area maintenance. The Project Wide Fund then provides the vehicle to contract with a variety of service providers to maintain the common areas of the district, along major road rights of way.

Proprietary funds report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The District uses an enterprise fund to account for the operations and maintenance of the Sumter Landing Amenities Division (SLAD) which are financed and operated in a manner similar to private business enterprises, where the costs of providing services on a continuing basis are financed through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for amenities services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following is the District's major enterprise fund:

#### **SLAD Fund**

The principal operating revenues of the District's SLAD funds are charges to customers for amenities services. The operating fund of SLAD is used to account for all costs of providing services on a continuing basis.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

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

#### (d) *Budgetary Data*

Legal authority and control are established in accordance with Section 190.008 of *Florida Statutes*. Annual budgets are adopted and approved by the Board of Supervisors. Annual budgets, as well as subsequent amendments, are adopted for the Lake Sumter Landing and Project Wide special revenue funds on a basis consistent with GAAP.

All budget amounts presented in the statements reflect the original budget and the amended budget if so amended.

#### (e) *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.

- Money Market Mutual Funds
- Demand Deposits
- Florida State Board of Administration's Local Government Investment Pool (SBA LGIP)

The money market mutual funds are stated at cost which approximates fair value.

In May 2008, the District transferred amounts approximately equal to its long-term reserved fund balances (less debt service reserves maintained with the bond trustee) into the Florida Municipal Investment Trust (FMIVT) operated by the Florida League of Cities. The investment was placed into the FMIVT's 1-3 Year High Quality Bond Fund. The investment in this pool is evidenced by shares which are marked to market monthly.

#### (f) *Restricted Assets-Proprietary Funds*

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Restricted assets in the form of cash and cash equivalents that will be used to pay current liabilities are classified as current assets in the accompanying statement of net assets.

The resolutions, authorizing the revenue bonds, require that the District establish a sinking fund and reserve accounts in amounts that equal the Reserve Account Requirements, which are defined in the Bond Trust Indentures.

In addition, the bond resolutions require that a renewal and replacement reserve be established. The renewal and replacement reserve deposits are maintained as restricted assets until such time as needed.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Notes to Basic Financial Statements

September 30, 2008

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

**(g) Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund 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 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. Estimated useful lives of the assets are as follows:

Buildings and Structures	15-40 years
Improvements other than buildings	10-40 years
Machinery and equipment	5-10 years

**(h) Assessments**

***Maintenance Assessments***

The District has levied an assessment for the maintenance of the infrastructure and the operations of the Lake Sumter Landing General Fund. This assessment is derived from the fund's annual budget. The maintenance assessment revenue is classified as general revenue. The assessment is computed based on the square footage of each commercial structure as a percentage of the total square footage benefiting from the services provided.

***Billing / Collection of Assessments***

The District provides a notice of assessment in August or September of each year and bills the assessment to each benefiting property owner in twelve (12) monthly increments.

**(i) Intangible Assets**

Intangible assets represent the discounted value of future amenity fees for assets acquired from the Developer, and are capitalized at cost at the date of acquisition. Intangible assets are amortized on a straight-line basis over an estimated useful life of 40 years.

**(j) Compensated Absences**

It is the District's policy to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Notes to Basic Financial Statements

September 30, 2008

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

**(k) Bond Discounts, Bond Premiums and Issuance Costs**

In the government-wide and proprietary fund financial statements, bond discounts, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bonds payable, whereas issuance costs are recorded as assets.

**(l) Use of Estimates**

The preparation of financial statements requires management of the District to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**(2) Deposits and Investments**

As of September 30, 2008, the District had the following investments:

<u>Deposits and Investment Type</u>	<u>Fair Value at September 30, 2008</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Cash on Hand	2,535	n/a	n/a
Demand Deposits, CFB	\$ 7,340,002	1.0	n/a
Local Government Investment Pool, SBA	415,496	8.5	AAAm
Money Market Mutual Funds, U.S. Bank	3,517,388	40.0	AAAm
1-3 Year Bond Fund, FMIvT	2,170,699	522.0	AAA/v2
Total Fair Value	<u>\$ 13,446,120</u>		
Portfolio Weighted Average Maturity (WAM)		95.5	

**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 investment policy, the government manages its exposure to decline in fair values by limiting the Weighted Average Maturity (WAM) of its investment portfolio to less than two years. The WAM on September 30, 2008 was 95.5 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 S&P). Fitch provides the ratings for FMIvT, while S&P provides the ratings for the U.S. Bank money market and the SBA investment pool.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

### (2) Deposits and Investments (continued)

#### *Credit Risk (continued)*

Operating cash is maintained with Citizens First Bank, an authorized Public Depository, pursuant to Chapter 280, Florida Statutes.

The District's investments consist of funds placed with three entities:

- The State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.415, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at fair value which is amortized cost.
- Trust balances related to restricted debt service accounts are maintained with U.S. Bank and are invested in First American Government Obligation Fund Class Y, a money market mutual fund.
- The District also has investments consisting of funds placed with the Florida League of Cities, Inc. for participation in the Florida Municipal Investment Trust (FMIvT) investment pool. The pool is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes and the District's investment policy. The District owns shares in the 1-3 Year High Quality Bond Fund, a 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, 2008, the FMIvT had incurred unrealized losses of a net amount of \$27,406. These losses would only be realized if the underlying shares in the FMIvT pool are sold.
- In total, net of the FMIvT unrealized losses, the District recognized an investment gain of \$184,662 during the fiscal year.

**Concentration of Credit Risk.** The District's 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
- Continuously investing a portion of the portfolio in readily available funds, such as the Local Government Investment Pool, 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 Guaranteed 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 being provided by the Federal Deposit Insurance Corporation (FDIC), the District's deposits are provided an extra level of security afforded by using a public depository that meets the requirements of Chapter 280. This includes the provision by the public

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

### (2) Deposits and Investments (continued)

#### *Custodial Credit Risk- Deposits (continued)*

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. The Citizens First Bank is a Guaranteed 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.

#### *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 authorized 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 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 consist 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.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Notes to Basic Financial Statements  
September 30, 2008

**(3) Capital Assets**

Capital asset activity for the year ended September 30, 2008 was as follows:

	<u>Beginning balance</u>	<u>Increases Transfers</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities				
Assets not being depreciated:				
Construction in progress	-	62,546	-	62,546
Assets being depreciated:				
Improvements other than buildings	42,266,580	69,373	-	42,335,953
Less accumulated depreciation for:				
Improvements other than buildings	<u>(2,905,828)</u>	<u>(1,057,531)</u>	<u>-</u>	<u>(3,963,359)</u>
Governmental activities, capital assets, net	\$ <u>39,360,752</u>	<u>(925,612)</u>	<u>-</u>	<u>38,435,140</u>
Business-type activities				
Assets not being depreciated				
Land	\$ 7,810,800	-	-	7,810,800
Assets being depreciated:				
Buildings and structures	30,325,579	-	-	30,325,579
Improvements other than buildings	2,800,919	-	-	2,800,919
Machinery and equipment	<u>400,157</u>	<u>40,280</u>	<u>-</u>	<u>440,437</u>
Total at historical cost	<u>41,337,455</u>	<u>40,280</u>	<u>-</u>	<u>41,377,735</u>
Less accumulated depreciation for:				
Buildings and structures	(1,389,924)	(758,139)	-	(2,148,063)
Improvements other than buildings	(128,375)	(70,023)	-	(198,398)
Machinery and equipment	<u>(173,801)</u>	<u>(85,658)</u>	<u>-</u>	<u>(259,459)</u>
Total accumulated depreciation	<u>(1,692,100)</u>	<u>(913,820)</u>	<u>-</u>	<u>(2,605,920)</u>
SLAD capital assets, net	\$ <u>39,645,355</u>	<u>(873,540)</u>	<u>-</u>	<u>38,771,815</u>

Governmental activities depreciation of \$1,057,531 is for roads, drainage features and related infrastructure in Lake Sumter Landing.



**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**  
Notes to Basic Financial Statements  
September 30, 2008

**(4) Intangible Assets**

	<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
SLAD:				
Discounted value of amenity fees	\$ 19,932,353	-		19,932,353
Less accumulated amortization	(996,618)	(498,309)		(1,494,927)
Intangible assets, net	\$ 18,935,735	(498,309)	-	18,437,426

The intangible assets represent the value of assets acquired based on their revenue value compared to their book value. This difference is amortized over a period of forty (40) years.

**(5) Long-term Debt**

*Revenue Bonds Payable*

Revenue bonds payable consisted of the following:

<p>\$53,085,000 Recreational Revenue Refunding Bonds, Series 2005A due in annual principal installments ranging from \$800,000 to \$3,100,000 through October 2038 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rates range from 3.25% to 5.125%.</p>	\$	51,955,000
<p>\$11,915,000 Recreational Revenue Refunding Bonds, Series 2005B due in annual principal installments ranging from \$145,000 to \$775,000 through October 2038 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. The interest rate is 5.70%.</p>	\$	<u>11,735,000</u> 63,690,000
Plus bond premium		657,145
Less bond discount		(439,905)
Less current installments of revenue bonds payable		(945,000)
Revenue Bonds payable less current installments	\$	62,962,240

The Recreational Revenue Bonds, Series 2005A and 2005B, are secured by a lien and pledge of revenues under the indentures which are derived by the District from the users of the recreational facilities. These bonds and notes are additionally secured by amounts on deposit in the funds and accounts created pursuant to the indentures. The Recreational Revenue Bonds, Series 2005B are secured by a lien and pledge of revenues which is junior and subordinate to the lien and pledge of revenues on the Recreational Revenue Bonds, Series 2005A.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**

Notes to Basic Financial Statements

September 30, 2008

**(5) Long-term Debt (continued)**

The annual requirements to amortize the principal and interest of all revenue bonds payable as of September 30, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2009	945,000	3,113,931	4,058,931
2010	980,000	3,077,444	4,057,444
2011	1,020,000	3,038,389	4,058,389
2012	1,060,000	2,996,609	4,056,609
2013	1,100,000	2,952,648	4,052,648
2014-2018	6,345,000	13,871,990	20,216,990
2019-2023	8,145,000	12,033,314	20,178,314
2024-2028	10,370,000	9,754,438	20,124,438
2029-2033	13,140,000	6,917,077	20,057,077
2034-2038	16,710,000	3,244,833	19,954,833
2039	3,875,000	101,525	3,976,525
Total	<u>63,690,000</u>	<u>61,102,197</u>	<u>124,792,197</u>

**Changes in Long-term Debt**

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Business-type activities:					
Bonds payable	\$ 64,600,000		(910,000)	63,690,000	945,000
Less bond discount	(454,569)	-	14,664	(439,905)	
Add bond premium	679,050	-	(21,905)	657,145	
Total bonds payable	<u>64,824,481</u>	<u>-</u>	<u>(917,241)</u>	<u>63,907,240</u>	<u>945,000</u>
Due to developer-SLAD	593,500	-	(6,750)	586,750	-
	<u>593,500</u>	<u>-</u>	<u>(6,750)</u>	<u>586,750</u>	
Total business-type activities long-term liabilities	\$ <u>65,417,981</u>	<u>-</u>	<u>(923,991)</u>	<u>64,493,990</u>	<u>945,000</u>

***Due to Developer-Recreational Amenities***

Subordinate debt service reserve requirement was funded by the recreational revenue bond proceeds. Therefore, this amount was not available for payment to Developer for the purchase of recreation and security facilities. This amount becomes available for payment to the Developer when the reserve requirement is reduced as principal payments are made on the debt. The balance in this reserve as of September 30, 2008 was \$586,750 and is classified as due to the developer.

## SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT

Notes to Basic Financial Statements

September 30, 2008

### (6) Related Parties

The District entered into interlocal agreements to provide Village Community Development District No. 5 (District No. 5), Village Community Development District No. 6 (District No. 6), Village Community Development District No. 7 (District No. 7), Village Community Development District No. 8 (District No. 8) certain management, finance, and administrative services. Under the agreement, fees paid to SLCDD from the numbered Districts for such services totaled \$182,928, \$189,467, \$156,507, and \$98,295, respectively, for the year ended September 30, 2008. Upon action by their respective boards of supervisors, District No. 5, District No. 6, District No. 7, and District No. 8 may request additional services as they deem necessary for the efficient and effective management of their respective districts. Such additional services are billed to the benefiting district at the District's cost.

The District has purchased from the Developer postage, building rents, management services, computerized tee-time reservation system and repair services for \$155,183. The district purchases water, waste water, and irrigation water from companies affiliated with the Developer for \$278,508. The District received for no charge from the Developer certain rents, information system support including software, hardware and computer programming and internal mail room operations.

The District operates new facilities as they are opened by the Developer. The Developer reimburses all start-up costs and all operating costs until the facility is transferred through an amenity sale. These costs as of September 30, 2008 were \$1,048,199.

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 current or previous years.

On December 1, 2005, the District issued \$53,085,000, Series 2005A Recreational Revenue Bonds and \$11,915,000, 2005B Subordinate Recreational Revenue Bonds. The proceeds were used to (i) pay a portion of the cost of acquiring certain recreation and golf facilities from the Developer; (ii) purchase a Reserve Account Insurance Policy issued by MBIA Insurance Corporation to be deposited to the credit of the 2005 Sub-account of the Reserve Account; (iii) make deposits to the Renewal and Replacement Fund and the 2005 Working Capital Fund; and (iv) pay the cost of issuing the Series 2005A Bonds. The District paid \$7,810,100 for land costs, \$33,302,209 for buildings and structures, and \$19,336,602 in discounted value of amenities contracts (intangible assets). Additional intangible assets of \$593,500 are recorded with the off-set as a due to the developer. These funds will be paid to the developer as the subordinated debt service reserve is reduced. The balance owed as of September 30, 2008 was \$579,288.

The Board of Supervisors for SLCDD as of September 30, 2008 is made up of five members that are either employees or affiliates of the Developer.

**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**  
Notes to Basic Financial Statements  
September 30, 2008

**(7) Commitments and Contingencies**

***Operating Lease-Office Building***

The District entered into a non-cancelable, five-year operating lease in June 2004 with the Developer, for its office building. The lease is renewable every five years. Rent expense recognized under the lease amounted to \$102,194 for the year ended September 30, 2008. Future minimum lease payments for this lease are as follows:

Year Ending September 30:

(8 Months) 2009	69,404
\$	69,404

**(8) 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 for which the District generally carries insurance for these risks. However, the District retains risks for certain property coverage and for any losses in excess of coverage limits.

**(9) Subsequent Event - Internal Revenue Service Audit of Village Center Community Development District Recreation Bonds**

Village Center Community Development District in early February 2009 filed the following material events notice in regard to its Recreational Revenue Bonds, Series 2003A and Subordinate Recreational Revenue Bonds, Series 2003B (collectively, the "Bonds").

"The Village Center Community Development District (the "Issuer") received on January 23, 2009 three (3) "Notice of Proposed Issues" (collectively, the "Notices") relating to the Internal Revenue Services' (the "IRS") examination of the above referenced bond issue. The conclusions stated in the Notices are as follows: (1) the Issuer does not qualify as a political subdivision or as "an on behalf of issuer" of tax-exempt bonds pursuant to Section 1.103-1(b) of the Internal Revenue Code regulations; (2) the opinions of value do not support the price paid by the Issuer to the developer for the Series 2003 Facilities and the payment of the sales price for the facilities to the developer by the Issuer is not a governmental use of the proceeds of the Bonds; and (3) the Bonds are private activity bonds the interest on which is not excludable under IRS Section 103.

The Issuer disagrees with the conclusions set forth in the Notices and intends to work with the IRS to protect the exclusion from gross income of interest on the Bonds. The Issuer cannot predict the outcome of the discussions and negotiations with the IRS."

Sumter Landing Community Development District ("SLCDD") is a separate legal entity from the Issuer. Although the SLCDD is unaware of any audit or planned audit by the IRS of the bonds issued by the District, there are certain similarities between the structure of the referenced bond issue and the District's recreational revenue bonds.

**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  
Sumter Landing Community Development District  
The Villages, Florida

We have audited the financial statements of the governmental activities, business-type activities and each major fund of Sumter Landing Community Development District (the District), as of and for the year ended September 30, 2008, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 3, 2009. 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects 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.

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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Board of Supervisors  
Sumter Landing Community Development District  
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  
(Concluded)**

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

We noted certain matters that we reported to management of the Districts in separate letter dated February 3, 2009.

Pursuant to Chapter 199, Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Praxis, Gray and Company, LLP*

February 3, 2009  
Ocala, Florida

**MANAGEMENT LETTER**

Board of Supervisors  
Sumter Landing Community Development District  
The Villages, Florida

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, and each major fund of Sumter Landing Community Development District (the District), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated February 3, 2009.

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. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in those reports and schedule, which are dated February 3, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors report or schedule:

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective action has been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report (see attached management letter comments).

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of provision of Section 218.415, Florida Statutes, regarding investment of public funds. In connection with our audit we determined that Sumter Landing of the Villages complied with Section 218.415, Florida Statutes.

Sections 10.554(1)(i)3., *Rules of the Auditor General*, requires us to provide any recommendations to improve the District's financial management, accounting procedures, and internal controls (see attached management letter comments).

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

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
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Board of Supervisors  
Sumter Landing Community Development District  
The Villages, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, the reporting of the following matters that are inconsequential to the determination of financial statements amounts, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contracts, or provisions or abuse that have occurred, or are likely to have occurred, and would have an immaterial effect on the financial statements; (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual 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.

Section 10.554(1)(i)6., *Rules of the Auditor General*, also requires that the name or official title and legal authority for the primary government be disclosed in the management letter, unless disclosed in the notes to the financial statements. See note 1 of the September 30, 2008, Sumter Landing Community Development District's basic financial statements for this information.

Section 10.554(1)(i)7.(a)., *Rules of the Auditor General*, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1)(a), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.(b)., *Rules of the Auditor General*, requires that we determined whether the annual financial report for the District for the fiscal year ended September 30, 2008, 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, 2008. In connection with our audit, we determined that these two reports agree.

Sections 10.554(1)(i)7.(c) and 10.556(7)., *Rules of the Auditor General*, we applied financial condition assessment procedures. 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.

Pursuant to Chapter 199, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General 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.

*Rivis, Gray and Company, LLP*

February 3, 2009  
Ocala, Florida



**MANAGEMENT LETTER COMMENTS**

Board of Supervisors  
Sumter Landing Community Development District  
The Villages, Florida

During the course of our audit the following items came to our attention involving primarily operational matters, which if improved will result in more efficient and effective operations:

**Status of Prior Year Comments and Recommendations**

The District has addressed the prior year Comment and Recommendation from last year.

**Current Year Recommendations**

**Budget Compliance**

The accompanying statements of revenues, expenditures and changes in fund balance-budget and actual for both the general and project wide funds indicate expenditures in excess of the final (but not the original) budget for the year. Because the budget constitutes the legal authorization for expenditures, we recommend the District more closely monitor actual expenditures when making year-end adjustments to the expenditure budgets of governmental funds.

**Period End Closing Routine and Account Reconciliation Process**

We believe that the District would benefit from an improved period-end closing routine and account reconciliation process for certain balance sheet accounts to facilitate a more timely monthly and year-end close out and preparation of financial statements for audit. Accounts to focus on would include miscellaneous receivables, amounts due to and from affiliates, accrued interest payable, and amenity futures.

An improved period-end closing routine in these areas will simplify the interim and year-end closing process, improving the quality and timeliness of the financial reporting process.

Pursuant to Chapter 199, Florida Statutes, this management letter comments is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesies that have been extended to our staff. If you have any questions or comments about the contents of this letter, please do not hesitate to contact us.

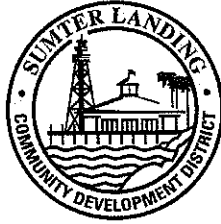
*Purvis, Gray and Company, LLP*

February 3, 2009  
Ocala, Florida

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
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**SUMTER LANDING COMMUNITY DEVELOPMENT DISTRICT**  
3201 Wedgewood Lane, The Villages, FL 32162 Telephone: (352) 753-0421 Fax: (352) 751-3901

February 12, 2009

Board of Supervisors  
Sumter Landing Community Development District  
The Villages, Florida 32162

RE: Management Response Letter

Dear Supervisors:

Attached is the completed audit for fiscal year 2007-2008 for Sumter Landing Community Development District. We are proud to report that this audit has an unqualified opinion that has no comments concerning internal controls and compliance issues. The one management letter comment from last year's audit has been resolved. There are two new management letter comments contained in their report. They are addressed below, along with District Managements' response to the comments.

**Auditor Comment: Budget Compliance**

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual for both the general and project wide funds indicate expenditures in excess of the final (but not the original) budget for the year. Because the budget constitutes the legal authorization for expenditures, we recommend the District more closely monitor actual expenditures when making year-end adjustments to the expenditure budgets of governmental funds.

**Management Response: Concur.**

Lack of recognition of accrued payables in these two funds at year end was the source of this one time error. The lack of visibility of the accrued payables was caused by the conversion to the new chart of accounts which resulted in two separate data bases being maintained for fiscal years 2007-2008 and 2008-2009. This situation will not exist in future years, eliminating the source of this error.

**Auditor Comment: Period Ending Closing Routine and Account Reconciliation Process**

We believe the District would benefit from an improved period end closing routine and account reconciliation process for certain balance sheet accounts to facilitate a more timely monthly and year-end close out and preparation of financial statements for audit. Accounts to focus on would include miscellaneous receivables, amounts due to and from affiliates, accrued interest payable and amenities futures.

An improved period-end closing routine in these areas will simplify the interim and year-end closing process, improving the quality and timeliness of the financial reporting process.

**Management Response: Concur.**

The Sumter Landing District has the most involved reconciliation process of all Districts whose records are maintained by the Village Community Development District's Finance Department. This is in large measure due to the rapid evolving of the financial records as new residential properties are sold by the developer and amenity fees, utility payments, recreational receipts and other sources of revenue are received. Some of the revenue is collected by the developer and must be allocated in part to the District. Some of the revenue is collected by the District and must be allocated in part to the developer. Both transfers are based on the current ownership of property for which the revenue is collected. We believe an effective process is in place to reconcile these balances of receivables and payables. However, improvements can be made to more timely produce necessary reports and more clearly demonstrate current balances of receivables and payables. We intend to focus on this requirement in the upcoming year.

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 the Sumter Landing 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,



David R. Miles, CGFO  
Finance Director



Janet Y. Tutt  
District Manager