

**South Village
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2016

South Village Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2016

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
South Village Community Development District
Clay County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of South Village Community Development District as of and for the year ended September 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Fort Pierce / Stuart
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To the Board of Supervisors
South Village Community Development District

Opinion

In our opinion, the 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 South Village Community Development District as of September 30, 2016, and the respective changes in financial position, cash flows for the Enterprise Fund and the budgetary comparison for the General and Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

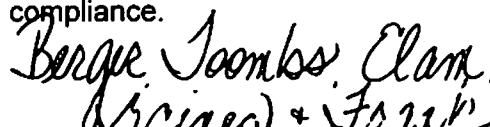
Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

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


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

June 26, 2017

**South Village Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

Management's discussion and analysis of South Village Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by special assessments. Business-type activities are supported by charges to the users of those activities, such as golf course and restaurant service charges.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities separate from the assets, liabilities, and net position of business-type activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include general government and debt service. Business-type activities financed by user charges include golf course and restaurant services.

Fund financial statements present financial information for governmental funds and the enterprise fund. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The enterprise fund financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

**South Village Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund and Special Revenue Fund. For the enterprise fund, a **statement of fund net position**, a **statement of revenues, expenses, and changes in fund net position**; and a **statement of cash flows** are presented. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including land and improvements are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

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

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2016:

- ◆ The District's total liabilities exceeded total assets by \$(10,246,116) (net position). Net investment in capital assets for Governmental Activities was \$(4,220,978). Net investment in capital assets for Business-type Activities was \$2,516,509. Unrestricted net position for Governmental Activities was \$(10,072,720) and for Business-type Activities was \$148,688. Restricted net position for Governmental Activities was \$1,382,385.

**South Village Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

- ◆ Governmental activities revenues totaled \$4,515,434, while governmental activities expenses and transfers totaled \$6,666,789. Business-type Activities revenues and transfers totaled \$3,283,061 while Business-type Activities expenses totaled \$617,864.

Financial Analysis of the District

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

Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 526,866	\$ 412,895	\$ 276,242	\$ -	\$ 803,108	\$ 412,895
Restricted assets	4,862,274	882,762	-	-	4,862,274	882,762
Capital assets, net	9,334,328	9,811,008	2,615,570	-	11,949,898	9,811,008
Total Assets	14,723,468	11,106,665	2,891,812	-	17,615,280	11,106,665
Deferred outflows	256,005	-	-	-	256,005	-
Current liabilities	1,238,720	1,286,623	186,930	-	1,425,650	1,286,623
Non-current liabilities	26,652,066	20,580,000	39,685	-	26,691,751	20,580,000
Total Liabilities	27,890,786	21,866,623	226,615	-	28,117,401	21,866,623
Net Position						
Net investment in capital assets	(4,220,978)	(3,744,298)	2,516,509	-	(1,704,469)	(3,744,298)
Restricted	1,382,385	311,418	-	-	1,382,385	311,418
Unrestricted	(10,072,720)	(7,327,078)	148,688	-	(9,924,032)	(7,327,078)
Total Net Position	\$ (12,911,313)	\$ (10,759,958)	\$ 2,665,197	\$ -	\$ (10,246,116)	\$ (10,759,958)

The increase in current assets for governmental activities and business-type activities is primarily related to revenues and transfers in excess of expenditures at the fund level.

The increase in restricted assets for governmental activities is related to the issuance of the Series 2016 Bonds.

The decrease in capital assets and net investment in capital assets for governmental activities is the result of current year depreciation. The increase in capital assets for and net investment in capital assets business-type activities is primarily related to the acquisition of the Eagle Landing Golf Course.

The increase in deferred outflows of resources for governmental activities is related to the deferred amount on refunding from the issuance of refunding bonds in the current year.

**South Village Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The increase in non-current liabilities for governmental activities is the result of the issuance of additional bonds.

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

Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Program Revenues</u>						
Charges for services	\$ 3,217,282	\$ 3,347,640	\$ 537,536	\$ -	\$ 3,754,818	\$ 3,347,640
Grants and contributions	1,277,490	64,754	-	-	1,277,490	64,754
<u>General Revenues</u>						
Investment earnings	3,630	220	-	-	3,630	220
Miscellaneous	17,032	-	15,071	-	32,103	-
Total Revenues	<u>4,515,434</u>	<u>3,412,614</u>	<u>552,607</u>	<u>-</u>	<u>5,068,041</u>	<u>3,412,614</u>
<u>Expenses</u>						
General government	242,740	197,236	-	-	242,740	197,236
Physical environment	521,014	524,801	-	-	521,014	524,801
Culture and recreation	1,189,241	1,156,664	-	-	1,189,241	1,156,664
Interest on						
long-term debt	1,983,340	1,247,560	-	-	1,983,340	1,247,560
Golf course	-	-	425,073	-	425,073	-
Restaurant	-	-	192,791	-	192,791	-
Total Expenses	<u>3,936,335</u>	<u>3,126,261</u>	<u>617,864</u>	<u>-</u>	<u>4,554,199</u>	<u>3,126,261</u>
Transfers	<u>(2,730,454)</u>	<u>-</u>	<u>2,730,454</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(2,151,355)	286,353	2,665,197	-	513,842	286,353
Net Position - Beginning of Year	<u>(10,759,958)</u>	<u>(11,046,311)</u>	<u>-</u>	<u>-</u>	<u>(10,759,958)</u>	<u>(11,046,311)</u>
Net Position - End of Year	<u><u>\$(12,911,313)</u></u>	<u><u>\$(10,759,958)</u></u>	<u><u>\$ 2,665,197</u></u>	<u><u>\$ -</u></u>	<u><u>\$(10,246,116)</u></u>	<u><u>\$(10,759,958)</u></u>

The increase in business-type activities charges for services and golf course and restaurant expenses is the result of operations from the golf course acquired in the current year.

The increase in governmental activities grants and contributions is the result of the Developer contributing funds for the balance of the improvement plan not funded with Series 2005A Bonds.

The increase in government activities interest on long-term debt is primarily related to the costs associated with the issuance of bonds in the current year.

**South Village Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2016.

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ -	\$ 405,000	\$ 405,000
Construction in progress	-	2,040	2,040
Infrastructure	3,255,773	1,359,781	4,615,554
Recreational facilities	10,250,182	668,000	10,918,182
Equipment	49,351	194,555	243,906
Accumulated depreciation	<u>(4,220,978)</u>	<u>(13,806)</u>	<u>(4,234,784)</u>
 Total Capital Assets (Net)	 <u>\$ 9,334,328</u>	 <u>\$ 2,615,570</u>	 <u>\$ 11,949,898</u>

The governmental activities change in the current year was depreciation of \$476,680.

Business-type activities changes in the current year include depreciation of \$13,806, capital asset additions of land, \$405,000, construction in progress, \$2,040, infrastructure, \$1,359,781, recreational facilities, \$668,000, and equipment, \$194,555.

General Fund Budgetary Highlights

The budget exceeded actual expenditures for the year primarily because of lower professional services than were anticipated after the budget was amended.

The budget was amended subsequent to year end through a board resolution for increased professional services and interfund transfers out.

Debt Management

Governmental Activities debt includes the following:

- ◆ In January 2005, the District issued \$26,635,000 Series 2005A Capital Improvement Revenue Bonds. These bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. The Series 2005A Capital Improvement Revenue Bonds were refunded and redeemed in the current year upon the issuance of the Series 2016 Capital Improvement Revenue and Refunding Bonds.

**South Village Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In June 2016, the District issued \$17,075,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A-1, \$5,480,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A-2, and \$5,530,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A-3. These bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District and to refund the Series 2005A Bonds. The balance outstanding at September 30, 2016 was \$17,075,000 for the A-1 bond, \$5,480,000 for the A-2 bond and \$5,530,000 for the A-3 bond.

Economic Factors and Next Year's Budget

South Village Community Development District purchased Eagle Landing Golf Course in June of the current year. As a result, the District expects to experience increased activity as the Golf Course will have a full year of operations in fiscal year 2017. Excluding the aforementioned, the District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2017.

Request for Information

The financial report is designed to provide a general overview of South Village Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the South Village Community Development District, GMS-SF, LLC, 5385 N Nob Hill Road, Sunrise, Florida, 33351.

South Village Community Development District
STATEMENT OF NET POSITION
September 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and equivalents	\$ 403,195	\$ 21,536	\$ 424,731
Accounts receivable, net	12,239	113,193	125,432
Due from other government	10,160	-	10,160
Due from developer	61,277	-	61,277
Inventory	162	67,935	68,097
Prepaid expenses	36,248	57,755	94,003
Deposits	5,125	6,403	11,528
Internal balances	(1,540)	1,540	-
Cash - restricted for customer deposits	-	7,880	7,880
Total Current Assets	<u>526,866</u>	<u>276,242</u>	<u>803,108</u>
Non-Current Assets:			
Restricted assets:			
Investments - debt service	1,360,010	-	1,360,010
Investments - capital projects	3,502,264	-	3,502,264
Capital assets not being depreciated:			
Land	-	405,000	405,000
Construction in progress	-	2,040	2,040
Capital assets being depreciated:			
Infrastructure	3,255,773	1,359,781	4,615,554
Recreation facilities	10,250,182	668,000	10,918,182
Equipment	49,351	194,555	243,906
Less: Accumulated depreciation	(4,220,978)	(13,806)	(4,234,784)
Total Non-Current Assets	<u>14,196,602</u>	<u>2,615,570</u>	<u>16,812,172</u>
Total Assets	<u>14,723,468</u>	<u>2,891,812</u>	<u>17,615,280</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	256,005	-	256,005
Total Assets and Deferred Outflows of Resources	<u>14,979,473</u>	<u>2,891,812</u>	<u>17,871,285</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	56,625	83,865	140,490
Unearned revenues	14,000	35,809	49,809
Customer deposits, payable from restricted assets	-	7,880	7,880
Accrued interest	328,095	-	328,095
Bonds payable	840,000	-	840,000
Capital lease payable	-	59,376	59,376
Total Current Liabilities	<u>1,238,720</u>	<u>186,930</u>	<u>1,425,650</u>
Non-Current Liabilities:			
Bonds payable, net	26,652,066	-	26,652,066
Capital lease payable	-	39,685	39,685
Total Non-Current Liabilities	<u>26,652,066</u>	<u>39,685</u>	<u>26,691,751</u>
Total Liabilities	<u>27,890,786</u>	<u>226,615</u>	<u>28,117,401</u>
NET POSITION			
Net investment in capital assets	(4,220,978)	2,516,509	(1,704,469)
Restricted for debt service	132,616	-	132,616
Restricted for special revenue	49,743	-	49,743
Restricted for capital projects	1,200,026	-	1,200,026
Unrestricted	(10,072,720)	148,688	(9,924,032)
Total Net Position	<u>\$ (12,911,313)</u>	<u>\$ 2,665,197</u>	<u>\$ (10,246,116)</u>

See accompanying notes to financial statements.

**South Village Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	
Governmental Activities						
General government	\$ (242,740)	\$ 178,823	\$ 1,277,490	\$ 1,213,573	\$ -	\$ 1,213,573
Physical environment	(521,014)	383,823	-	(137,191)	-	(137,191)
Recreation	(1,189,241)	890,428	-	(298,813)	-	(298,813)
Interest on long-term debt	(1,983,340)	1,764,208	-	(219,132)	-	(219,132)
Total Governmental Activities	<u>(3,936,335)</u>	<u>3,217,282</u>	<u>1,277,490</u>	<u>558,437</u>	<u>-</u>	<u>1,116,874</u>
Business-type activities						
Golf course	(425,073)	366,970	-	-	(58,103)	(58,103)
Restauraunt	(192,791)	170,566	-	-	(22,225)	(22,225)
Total Business-type Activities	<u>\$ (617,864)</u>	<u>\$ 537,536</u>	<u>\$ -</u>	<u>-</u>	<u>(80,328)</u>	<u>(80,328)</u>
General revenues:						
Investment earnings				3,630	-	3,630
Miscellaneous revenues				17,032	15,071	32,103
Transfers				(2,730,454)	2,730,454	-
Total General Revenues and Transfers				<u>(2,709,792)</u>	<u>2,745,525</u>	<u>35,733</u>
Change in Net Position				(2,151,355)	2,665,197	513,842
Net Position - October 1, 2015				<u>(10,759,958)</u>	<u>-</u>	<u>(10,759,958)</u>
Net Position - September 30, 2016				<u>\$ (12,911,313)</u>	<u>\$ 2,665,197</u>	<u>\$(10,246,116)</u>

See accompanying notes to financial statements.

**South Village Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016**

ASSETS	General	Recreation	2016A-1/A-2 Debt Service	2016A-3 Debt Service	2016A-1/A2 Capital Projects	2016A-3 Capital Projects	Capital Reserve	Total Governmental Funds
Cash	\$ 235,875	\$ 67,687	\$ -	\$ -	\$ -	\$ -	\$ 99,633	\$ 403,195
Due from other governments	6,345	3,815	-	-	-	-	-	10,160
Accounts receivable, net	-	12,239	-	-	-	-	-	12,239
Due from other funds	33,760	2,702	-	-	-	-	-	36,462
Due from developer	61,277	-	-	-	-	-	-	61,277
Inventory	-	162	-	-	-	-	-	162
Prepaid expenses	10,952	25,296	-	-	-	-	-	36,248
Deposits	-	-	-	-	-	-	5,125	5,125
Restricted assets:								
Investments, at fair value	-	-	1,110,818	249,192	1,397,013	2,105,251	-	4,862,274
Total Assets	<u>\$ 348,209</u>	<u>\$ 111,901</u>	<u>\$1,110,818</u>	<u>\$249,192</u>	<u>\$1,397,013</u>	<u>\$2,105,251</u>	<u>\$ 104,758</u>	<u>\$ 5,427,142</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued expenses	\$ 43,026	\$ 13,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,625
Due to other funds	3,443	34,559	-	-	-	-	-	38,002
Unearned revenues	-	14,000	-	-	-	-	-	14,000
Total Liabilities	<u>46,469</u>	<u>62,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,627</u>
FUND BALANCES								
Nonspendable								
Inventory	-	162	-	-	-	-	-	162
Prepaid expenses	10,952	25,296	-	-	-	-	-	36,248
Deposits	-	-	-	-	-	-	5,125	5,125
Restricted for debt service	-	-	1,110,818	249,192	-	-	-	1,360,010
Restricted for capital projects	-	-	-	-	1,397,013	2,105,251	99,633	3,601,897
Unassigned	<u>290,788</u>	<u>24,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,073</u>
Total Fund Balance	<u>301,740</u>	<u>49,743</u>	<u>1,110,818</u>	<u>249,192</u>	<u>1,397,013</u>	<u>2,105,251</u>	<u>104,758</u>	<u>5,318,515</u>
Total Liabilities and Fund Balances	<u>\$ 348,209</u>	<u>\$ 111,901</u>	<u>\$1,110,818</u>	<u>\$249,192</u>	<u>\$1,397,013</u>	<u>\$2,105,251</u>	<u>\$ 104,758</u>	<u>\$ 5,427,142</u>

See accompanying notes to financial statements.

**South Village Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2016**

Total Governmental Fund Balances	\$	5,318,515
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets being depreciated, infrastructure (\$3,255,773), recreation facilities (\$10,250,182), and equipment (\$49,351), net of accumulated depreciation (\$4,220,978) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		9,334,328
Long-term liabilities, including bonds payable, (\$28,085,000), net of bond discounts net, (\$592,934) are not due and payable in the current period and therefore, are not reported at the governmental fund level.		(27,492,066)
Deferred outflows of resources are not current financial resources and therefore, are not reported at the governmental fund level.		256,005
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.		<u>(328,095)</u>
Net Position of Governmental Activities	<u>\$</u>	<u>(12,911,313)</u>

See accompanying notes to financial statements.

South Village Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

	General	Recreation	2005 Debt Service	2016A-1/A-2 Debt Service	2016A-3 Debt Service	2005 Capital Projects	2016A-1/A2 Capital Projects	2016A-3 Capital Projects	Capital Reserve	Totals Governmental Funds
Revenues:										
Special assessments	\$ 506,317	\$ 673,708	\$ 1,535,592	\$ 58,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,774,168
Direct assessments	56,329	-	170,065	-	-	-	-	-	-	226,394
Developer contributions	136,477	-	-	-	45,770	-	-	1,095,243	-	1,277,490
Swim and tennis revenues	-	216,720	-	-	-	-	-	-	-	216,720
Investment earnings	-	-	3,570	13	2	2	18	25	-	3,630
Miscellaneous revenues	17,032	-	-	-	-	-	-	-	-	17,032
Total Revenues	716,155	890,428	1,709,227	58,564	45,772	2	18	1,095,268	-	4,515,434
Expenditures:										
Current										
General government	176,625	-	30,593	-	-	-	-	-	1,799	209,017
Physical environment	407,553	-	-	-	-	-	-	-	-	407,553
Cultural/Recreation	-	859,745	-	-	-	-	-	-	-	859,745
Debt service										
Principal	-	-	675,000	17,590,020	2,919,980	-	-	-	-	21,185,000
Interest	-	-	1,205,550	-	-	-	-	-	-	1,205,550
Other debt service costs	-	-	-	278,925	259,793	-	581,727	82,950	-	1,203,395
Total Expenditures	584,178	859,745	1,911,143	17,868,945	3,179,773	-	581,727	82,950	1,799	25,070,260
Excess of revenues over (under) expenditures	131,977	30,683	(201,916)	(17,810,381)	(3,134,001)	2	(581,709)	1,012,318	(1,799)	(20,554,826)
Other Financing Sources/(Uses)										
Bond proceeds	-	-	-	18,595,000	3,270,000	-	3,960,000	2,260,000	-	28,085,000
Bond discount	-	-	-	(148,775)	-	-	(72,688)	(380,245)	-	(601,708)
Transfers in	89,551	-	117,556	1,000,468	3,179,773	-	4,739,222	380,319	53,345	9,560,234
Transfers out	(203,344)	-	(678,882)	(525,494)	(3,066,580)	(1,435)	(6,647,812)	(1,167,141)	-	(12,290,688)
Total Other Financing Sources/(Uses)	(113,793)	-	(561,326)	18,921,199	3,383,193	(1,435)	1,978,722	1,092,933	53,345	24,752,838
Net Change in Fund Balances	18,184	30,683	(763,242)	1,110,818	249,192	(1,433)	1,397,013	2,105,251	51,546	4,198,012
Fund Balances - October 1, 2015	283,556	19,060	763,242	-	-	1,433	-	-	53,212	1,120,503
Fund Balances - September 30, 2016	\$ 301,740	\$ 49,743	\$ -	\$ 1,110,818	\$ 249,192	\$ -	\$ 1,397,013	\$ 2,105,251	\$ 104,758	\$ 5,318,515

See accompanying notes to financial statements.

**South Village Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ 4,198,012

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period. (476,680)

Principal payments are reported as expenditures in the governmental funds, but are reported as reductions of liabilities in the Statement of Net Position. 21,185,000

Bond proceeds, (\$28,085,000), and bond discount, (\$601,708), are reported as other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position. (27,483,292)

Certain other debt service costs at the governmental fund level are recognized as deferred amount on refunding in the Statement of Net Position. 259,793

Deferred outflows of resources for refunding debt is recognized as a component of interest on long-term debt in the Statement of Activities, but not in the governmental funds. This is the amount of interest in the current year. (3,788)

Amortization of bond discount reported in the Statement of Activities does not require the use of current financial resources and therefore, is not reported as an expenditure in governmental funds. (8,774)

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest during the current period. 178,374

Change in Net Position of Governmental Activities \$ (2,151,355)

See accompanying notes to financial statements.

South Village Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 497,425	\$ 506,317	\$ 506,317	\$ -
Direct assessments	56,329	56,329	56,329	-
Developer contributions	61,095	-	136,477	136,477
Miscellaneous revenues	-	92,185	17,032	(75,153)
Total Revenues	<u>614,849</u>	<u>654,831</u>	<u>716,155</u>	<u>61,324</u>
Expenditures				
Current				
General government	150,494	196,497	176,625	19,872
Physical environment	411,010	396,310	407,553	(11,243)
Total Expenditures	<u>561,504</u>	<u>592,807</u>	<u>584,178</u>	<u>8,629</u>
Excess of revenues over/(under) expenditures	53,345	62,024	131,977	69,953
Other Financing Sources/(Uses)				
Transfers in	-	89,551	89,551	-
Transfers out	(53,345)	(203,344)	(203,344)	-
Total Other Financing Sources/(Uses)	<u>(53,345)</u>	<u>(113,793)</u>	<u>(113,793)</u>	<u>-</u>
Net Change in Fund Balances	-	(51,769)	18,184	69,953
Fund Balances - October 1, 2015	<u>-</u>	<u>283,556</u>	<u>283,556</u>	<u>-</u>
Fund Balances - September 30, 2016	<u>\$ -</u>	<u>\$ 231,787</u>	<u>\$ 301,740</u>	<u>\$ 69,953</u>

See accompanying notes to financial statements.

**South Village Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
RECREATION FUND
For the Year Ended September 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 682,585	\$693,585	\$673,708	\$ (19,877)
Swim and tennis revenues	211,750	216,750	216,720	(30)
Total Revenues	<u>894,335</u>	<u>910,335</u>	<u>890,428</u>	<u>(19,907)</u>
Expenditures				
Current				
Culture/Recreation	<u>858,125</u>	<u>880,343</u>	<u>859,745</u>	<u>20,598</u>
Net Change in Fund Balances	36,210	29,992	30,683	691
Fund Balances - October 1, 2015	<u>-</u>	<u>-</u>	<u>19,060</u>	<u>19,060</u>
Fund Balances - September 30, 2016	<u>\$ 36,210</u>	<u>\$ 29,992</u>	<u>\$ 49,743</u>	<u>\$ 19,751</u>

See accompanying notes to financial statements.

South Village Community Development District
STATEMENT OF FUND NET POSITION - ENTERPRISE FUND
September 30, 2016

ASSETS

Current Assets

Cash and equivalents	\$	21,536
Accounts receivable		113,193
Due from other funds		1,540
Prepaid expenses		57,755
Inventories		67,935
Deposits		6,403
Cash restricted for customer deposits		7,880
Total Current Assets		276,242

Non-Current Assets

Construction in progress		2,040
Land		405,000
Infrastructure		1,359,781
Recreational facilities		668,000
Equipment		194,555
Less: Accumulated depreciation		(13,806)
Total Non-Current Assets		2,615,570
Total Assets		2,891,812

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses		83,865
Customer deposits payable from restricted assets		7,880
Unearned revenues		35,809
Capital lease payable		59,376
Total Current Liabilities		186,930

Non-Current Liabilities

Capital lease payable		39,685
Total Liabilities		226,615

NET POSITION

Net investment in capital assets		2,516,509
Unrestricted		148,688
Total Net Position		\$ 2,665,197

See accompanying notes to financial statements.

**South Village Community Development District
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
September 30, 2016**

Operating Revenues:

Charges for services	\$ 537,536
Miscellaneous revenues	15,071
Total Operating Revenues	552,607

Operating Expenses:

Personal services	330,499
Contractual and professional services	20,588
Supplies and expenses	170,007
Repairs and maintenance	24,073
Utilities	40,647
Rent and lease expense	18,244
Depreciation	13,806
Total Operating Expenses	617,864

Operating Income(Loss)	(65,257)
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Transfers	2,730,454
-----------	-----------

Change in Net Position	2,665,197
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Net Position - October 1, 2015	-
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Net Position - September 30, 2016	\$ 2,665,197
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See accompanying notes to financial statements.

South Village Community Development District
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
September 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 468,032
Receipts from other sources	15,071
Payments to suppliers for goods and services	(323,327)
Payments to employees for services	(330,499)
Net Cash Used by Operating Activities	<u>(170,723)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	<u>2,730,454</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition and construction of capital assets	(2,629,376)
Proceeds from capital leases	115,555
Principal payments on capital leases	(16,494)
Net Cash Provided/(Used) by Investing Activities	<u>(2,530,315)</u>
 Net increase in cash and cash equivalents	 29,416
 Cash and equivalents - October 1, 2015	 <u>-</u>
 Cash and equivalents - September 30, 2016	 <u>\$ 29,416</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ (65,257)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	13,806
Increase in accounts receivable	(113,193)
Increase in prepaid expenses	(57,755)
Increase in inventories	(67,935)
Increase in due from other funds	(1,540)
Increase in deposits	(6,403)
Increase in accounts payable and accrued expenses	83,865
Increase in customer deposits	7,880
Increase in unearned revenues	35,809
 Net Cash Used by Operating Activities	 <u>\$ (170,723)</u>

See accompanying notes to financial statements.

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on April 28, 2003, pursuant the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act") by Ordinances Number 2003-36 as amended by ordinance number 2004-67 of the Clay County Board of County Commissioners, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the South Village Community Development District. The District is governed by a five-member Board of Supervisors who are elected by qualified electors of the District for four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the South Village Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by special assessments and interest, are reported separately from business-type activities. Program revenues include charges for services and grants and contribution. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net position. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors’ intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District’s management company.

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Enterprise Funds

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Recreation Fund – The Recreation Fund is a special revenue fund established to account for the financial resources of the District's recreation areas.

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

2005A Debt Service Fund – Accounts for debt service requirements to retire the capital improvement revenue bonds which were used to finance the acquisition and construction of certain improvements for the benefit of the District. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

2016A-1/A-2 Debt Service Fund – The 2016A-1/A-2 Debt Service Fund accounts for debt service requirements to retire the capital improvement revenue and refunding bonds, Series 2016A-1 and Series 2016A-2.

2016A-3 Debt Service Fund – The 2016A-3 Debt Service Fund accounts for debt service requirements to retire the capital improvement revenue and refunding bonds, Series 2016A-3.

2005A Capital Projects Fund – The Capital Projects Fund accounts for the proceeds from Long-Term debt issued in 2005 for the acquisition or construction of major infrastructure within the District.

2016A-1/A-2 Capital Projects Fund – The Capital Projects Fund accounts for the proceeds from Long-Term debt issued in 2016 through Series 2016 A-1 and A-2 Capital Improvement Revenue and Refunding Bonds for the acquisition or construction of major infrastructure within the District.

2016A-3 Capital Projects Fund – The Capital Projects Fund accounts for the proceeds from Long-Term debt issued in 2016 through Series 2016 A-3 Capital Improvement Revenue and Refunding Bonds for the acquisition or construction of major infrastructure within the District.

Capital Reserve Fund – The Capital Reserve Fund accounts for the funds set aside to ensure the District has adequate funding for ongoing and future projects.

b. Enterprise Major Fund

Enterprise Fund – The Enterprise Fund accounts for the operations of the Golf Course, Pro Shop and Restaurant, which are funded by proceeds from operations of these facilities, including green fees, cart fees and member dues in the form of annual special assessments.

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

c. Non-current Governmental Assets/Liabilities

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

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Chapter 280.02, Florida Statutes.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

c. Inventories

Inventories are recorded at cost using the first in-first out basis and recognized as expenses as they are consumed.

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

d. Restricted Assets

Certain assets of the District and a corresponding liability or portion of net position is classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

e. Capital Assets

Capital assets, which include land, construction in progress, infrastructure, recreation facilities, and equipment, are reported in governmental activities.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The valuation basis for all assets is historical cost.

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

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

Infrastructure and recreation facilities	30 years
Equipment	10 years

f. Budgets

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

g. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods. The District reported a deferred amount on refunding on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

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

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

“Total fund balances” of the District’s governmental funds (\$5,318,515) differs from “net position” of governmental activities (\$(12,911,313)) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated as follows:

Capital related items

When capital assets (improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Infrastructure	\$ 3,255,773
Recreation facilities	10,250,182
Equipment	49,351
Accumulated depreciation	<u>(4,220,978)</u>
Total	<u>\$ 9,334,328</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2016 were:

Bonds payable	\$ (28,085,000)
Bond discount, net	592,934
Total	<u>\$ (27,492,066)</u>

Deferred outflows of resources

Deferred outflows of resources applicable to the District's governmental activities are not financial resources and therefore, are not reported as fund deferred outflows of resources.

Deferred amount on refunding	<u>\$ 256,005</u>
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**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

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

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

Accrued interest

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

Accrued interest	\$ <u>(328,095)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds (\$4,198,012) differs from the “change in net position” for governmental activities (\$2,151,355) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year.

Depreciation	\$ <u>(476,680)</u>
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Long-term debt transactions

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

Bond principal payments	\$ 21,185,000
Amortization of bond discount	(8,774)
Total	<u>\$ 21,176,226</u>

**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

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

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

Long-term debt transactions (Continued)

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

Proceeds from bond issuance	\$ (28,085,000)
Bond discount	<u>601,078</u>
Total	<u>\$ (27,483,922)</u>

The deferred amount on refunding created as a result of the issuance of new debt is not a current financial resource and therefore, is not reported at the governmental fund level.

Deferred amount on refunding	<u>\$ 259,793</u>
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Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	\$ 178,734
Decrease in deferred amount on refunding	<u>(3,788)</u>
Total	<u>\$ 174,946</u>

NOTE C – CASH AND INVESTMENTS

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2016, the District's bank balance was \$474,515 and the carrying value was \$432,611. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

As of September 30, 2016, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Government Obligation Fund CI Y	25 days	<u>\$ 4,862,274</u>

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

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

Based on the criteria in the preceding paragraph, the investment in First American Government Obligation Fund Class Y is a Level 1 asset.

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in Government Obligation Mutual Funds are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2016, the District's investment in the First American Government Obligation Fund Class Y was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The types of deposits and investments and their level of risk exposure as of September 30, 2016 were typical of these items during the fiscal year then ended. The District considers any decline in fair value to be temporary.

**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE D – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2016 was as follows:

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Infrastructure	\$ 3,255,773	\$ -	\$ -	\$ 3,255,773
Recreation facilities	10,250,182	-	-	10,250,182
Equipment	49,351	-	-	49,351
Total Capital Assets, Being Depreciated	<u>13,555,306</u>	<u>-</u>	<u>-</u>	<u>13,555,306</u>
Less accumulated depreciation for:				
Infrastructure	(888,336)	(108,526)	-	(996,862)
Recreation facilities	(2,820,170)	(363,219)	-	(3,183,389)
Equipment	(35,792)	(4,935)	-	(40,727)
Total Accumulated Depreciation	<u>(3,744,298)</u>	<u>(476,680)</u>	<u>-</u>	<u>(4,220,978)</u>
Total Capital Assets Depreciated, Net	<u>9,811,008</u>	<u>(476,680)</u>	<u>-</u>	<u>9,334,328</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,811,008</u>	<u>\$ (476,680)</u>	<u>\$ -</u>	<u>\$ 9,334,328</u>

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$49 million. The infrastructure includes roadways, stormwater management system, water and sewer facilities, recreational facilities, and other related infrastructure. A portion of the project costs were financed with the proceeds from the Series 2005A Bonds while the remainder will be funded by additional bonds and the Developer. In a prior fiscal year, certain improvements were conveyed to other entities for ownership and maintenance responsibilities.

Depreciation was charged to physical environment, \$113,461, and culture and recreation, \$363,219.

**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE D – CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in the Business-type Activities capital assets for the year ended September 30, 2016.

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Capital assets, not being depreciated:				
Land	\$ -	\$ 1,359,781	\$ -	\$ 1,359,781
Construction in progress	-	2,040	-	2,040
Total Capital Assets, Not Depreciated	<u>-</u>	<u>1,361,821</u>	<u>-</u>	<u>1,361,821</u>
Capital assets, being depreciated:				
Infrastructure	-	405,000	-	405,000
Recreation facilities	-	668,000	-	668,000
Equipment	-	194,555	-	194,555
Total Capital Assets, Being Depreciated	<u>-</u>	<u>1,267,555</u>	<u>-</u>	<u>1,267,555</u>
Less accumulated depreciation for:				
Infrastructure	-	(3,375)	-	(3,375)
Recreation facilities	-	(5,567)	-	(5,567)
Equipment	-	(4,864)	-	(4,864)
Total accumulated depreciation	<u>-</u>	<u>(13,806)</u>	<u>-</u>	<u>(13,806)</u>
Total capital assets depreciated, net	<u>-</u>	<u>1,253,749</u>	<u>-</u>	<u>1,253,749</u>
Business-Type Activities Capital Assets	<u>\$ -</u>	<u>\$ 2,615,570</u>	<u>\$ -</u>	<u>\$ 2,615,570</u>

Depreciation was charged to the following functions:

Golf Course	<u>\$ 13,806</u>
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**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE E – LONG-TERM DEBT

The following is a summary of debt activity for the District for the year ended September 30, 2016.

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Capital Improvement Revenue Bonds, Series 2005A	\$ 21,185,000	\$ -	\$ 21,185,000	\$ -
Capital Improvement Revenue and Refunding Bonds Series 2016A-1	-	17,075,000	-	17,075,000
Capital Improvement Revenue and Refunding Bonds Series 2016A-2	-	5,480,000	-	5,480,000
Capital Improvement Revenue and Refunding Bonds Series 2016A-3	-	5,530,000	-	5,530,000
	<u>\$ 21,185,000</u>	<u>\$ 28,085,000</u>	<u>\$ 21,185,000</u>	<u>\$ 28,085,000</u>

Long-term debt is comprised of the following:

Capital Improvement Revenue and Refunding Bonds

\$17,075,000 Series 2016A-1 Capital Improvement Revenue and Refunding Bonds due in annual principal installments beginning May 2017. Interest at various rates between 2.00% and 3.75% is due May and November beginning November 2017. Current portion is \$580,000. \$ 17,075,000

\$5,480,000 Series 2016A-2 Capital Improvement Revenue and Refunding Bonds due in annual principal installments beginning May 2017. Interest at various rates between 4.35% and 5.00% is due May and November beginning November 2017. Current portion is \$160,000. 5,480,000

\$5,530,000 Series 2016A-3 Capital Improvement Revenue and Refunding Bonds due in annual principal installments beginning May 2017. Interest at various rates between 5.50% and 6.00% is due May and November beginning November 2017. Current portion is \$580,000. 5,530,000

Bonds payable	28,085,000
Bond discount, net	<u>(592,934)</u>
Bonds Payable, net	<u>\$ 27,492,066</u>

**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE E – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2016 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 840,000	\$ 938,857	\$ 1,778,857
2018	860,000	1,066,225	1,926,225
2019	880,000	1,041,473	1,921,473
2020	910,000	1,016,028	1,926,028
2021	935,000	989,573	1,924,573
2022-2026	5,175,000	4,491,856	9,666,856
2027-2031	6,240,000	3,455,644	9,695,644
2032-2036	7,450,000	2,022,425	9,472,425
2037-2041	3,615,000	601,188	4,216,188
2042-2046	<u>1,180,000</u>	<u>182,500</u>	<u>1,362,500</u>
Totals	<u>\$ 28,085,000</u>	<u>\$ 15,805,769</u>	<u>\$ 43,890,769</u>

Summary of Significant Bonds Resolution Terms and Covenants

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

1. Reserve Fund - The Series 2016A-1 and 2016A-2 Capital Improvement Revenue and Refunding Bonds Reserve Accounts are funded from the proceeds of the Bonds in an amount equal to fifty percent of the Maximum Annual Debt Service Requirement for the respective bond. The Series 2016A-3 Capital Improvement Revenue and Refunding Bonds is funded from the proceeds of the Bonds in an amount equal to thirty-five percent of the Maximum Annual Debt Service Requirement for the Series 2016A-3 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2016A-1 Capital Improvement Revenue and Refunding Bond	\$ 552,026	\$ 552,528
Series 2016A-2 Capital Improvement Revenue and Refunding Bond	207,101	207,290
Series 2016A-3 Capital Improvement Revenue and Refunding Bond	140,172	140,172

**South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE E – LONG-TERM DEBT (CONTINUED)

In June of 2016, the District issued \$17,075,000 of Series 2016A-1, \$5,480,000 of Series 2016A-2, and \$5,430,000 of Series 2016A-3 Capital Improvement Revenue and Refunding Bonds, which provided funds for the acquisition and construction of certain improvements and retired the Series 2005A Capital Improvement Revenue Bonds. The current refunding of the Series 2005A Capital Improvement Bonds resulted in a deferred amount on refunding of \$259,793. As a result of this transaction, the District decreased its aggregate debt payment for the portion of Series 2016 bonds refunding the Series 2005A bonds by \$2,052,997 over the next 19 years and realized an economic gain of \$797,877.

NOTE F – CAPITAL LEASES

The District assumed a capital lease agreement with the golf course purchase for the purchase of golf course equipment. This lease agreement qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments at the time of acquisition.

The equipment being leased has a cost to the District of \$115,555 and a carrying value of \$112,666. The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2016 were as follows:

Year Ending September 30,	Business-type Activities
2017	\$ 59,376
2018	39,685
Total minimum lease payments	\$ 99,061

NOTE G – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually at a public hearing of the District. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

South Village Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE H – INTERLOCAL AGREEMENTS

In January 2004, the District entered into a cost sharing agreement with Middle Village Community Development District (“Middle Village”) for the maintenance of certain landscape improvements for which both Districts benefit. In accordance with the interlocal agreement, Middle Village will perform the required maintenance and the District will provide 31% of the costs incurred to perform the maintenance. For the fiscal year ended September 30, 2016, the costs related to the maintenance incurred by Middle Village was approximately \$115,706, of which \$35,886 was reimbursed to Middle Village by the District in connection with the agreement.

NOTE I – DEVELOPER AGREEMENTS

The Developer owns a portion of the land within the District; therefore, assessment revenues in the general, recreation, and debt service funds include assessments levied on the Developer owned property.

Pursuant to the funding agreement dated September 4, 2012, the Developer has agreed to fund any deficit of the District’s general government, physical environment, and recreation expenditures in excess of the special assessments collected up to the total amount expended by the District for the fiscal year, without any reimbursement to the Developer. In connection with this agreement, Developer contributions to the general fund was \$136,477.

NOTE J – MANAGEMENT AGREEMENTS

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District.

The District has also contracted with two additional management companies, both who are affiliated with the Developer, to perform property management services, including managing, operating, maintaining, and supervising the recreation facilities of the District. Under these agreements, the District compensates the management companies for management, accounting, financial reporting, computer and other administrative costs.

NOTE K – ECONOMIC DEPENDENCY

A significant portion of the District’s activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District’s operations.

NOTE L – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.



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

To the Board of Supervisors
South Village Community Development District
Clay County, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Village Community Development District, as of and for the year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

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

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

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

To the Board of Supervisors
South Village Community Development District
Clay County, FL

Compliance and Other Matters

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

Purpose of this Report

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

*Berger, Toombs, Elam,
Gaines & Frank*

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

June 26, 2017



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MANAGEMENT LETTER

To the Board of Supervisors
South Village Community Development District
Clay County, Florida

Report on the Financial Statements

We have audited the financial statements of the South Village Community Development District, Florida as of and for the year ended September 30, 2016, and have issued our report thereon dated June 26, 2017.

Auditor's Responsibility

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

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on examination conducted in accordance with *ACIPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated June 26, 2017 should be considered in conjunction with this Management Letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not South Village Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that South Village Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors
South Village Community Development District

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for South Village Community Development District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

*Berger, Toombs, Elam,
Gaines & Frank*

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

June 26, 2017



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

To the Board of Supervisors
South Village Community Development District
Clay County, FL

We have examined South Village Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2016. Management is responsible for South Village Community Development District's compliance with those requirements. Our responsibility is to express an opinion on South Village Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about South Village Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on South Village Community Development District's compliance with the specified requirements.

In our opinion, South Village Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2016.

*Berger, Toombs, Elam,
Gaines & Frank*

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

June 26, 2017