Osceola Chain of Lakes Community Development District

Agenda

November 3, 2021

AGENDA

Osceola Chain of Lakes

Community Development District

219 E. Livingston Street, Orlando, Florida 32801 Phone: 407-841-5524 – Fax: 407-839-1526

October 27, 2021

Board of Supervisors Osceola Chain of Lakes Community Development District

Dear Board Members:

The meeting of the Board of Supervisors of the Osceola Chain of Lakes Community Development District will be held Wednesday, November 3, 2021 at 1:30 p.m. at the Hart Memorial Central Library, 211 E. Dakin Avenue, Room 120, Kissimmee, Florida. Following is the advance agenda for the regular meeting:

- 1. Roll Call
- 2. Public Comment Period
- 3. Approval of Minutes of the August 4, 2021 Meeting
- 4. Business Matters
 - A. Consideration of Landscape Maintenance Agreement with Down to Earth
 - B. Consideration of Agreement with Grau & Associates to Provide Auditing Services for the Fiscal Year 2021
 - C. Approval of Fiscal Year 2022 Meeting Schedule
 - D. Ratification of Fiscal Year 2020 Audit Report
- 5. Staff Reports
 - A. Attorney
 - i. Presentation of Memorandum Regarding New Statutory Stormwater Management System Reporting Requirement
 - B. Engineer
 - C. District Manager's Report
 - i. Approval of Check Register
 - ii. Balance Sheet and Income Statement
- 6. Public Comment Period
- 7. Other Business
- 8. Supervisor's Requests
- 9. Adjournment

The second order of business is the Public Comment Period where the public has an opportunity to be heard on propositions coming before the Board as reflected on the agenda, and any other items.

The third order of business is the approval of minutes of the August 4, 2021 meeting. The minutes are enclosed for your review.

The fourth order of business is Business Matters. Section A is the consideration of the landscape maintenance agreement with Down to Earth. A copy of the agreement is enclosed for your review. Section B is the consideration of agreement with Grau & Associates to provide auditing

services for the Fiscal Year 2021. A copy of the agreement is enclosed for your review. Section C is the approval of the Fiscal Year 2022 meeting schedule. A copy of the proposed schedule is enclosed for your review. Section D is the ratification of the Fiscal Year 2020 audit report. A copy of the report is enclosed for your review.

The fifth order of business is Staff Reports. Sub-Section 1 of the Attorney's Report is the presentation of memorandum regarding a new statutory stormwater management system reporting requirement for Districts. A copy of the memo is enclosed for your review. Sub-Section 1 of the District Manager's Report includes the check register for approval and Sub-Section 2 includes the balance sheet and income statement for review.

The next meeting date is scheduled for Wednesday, January 5, 2022 at 1:30 PM.

The balance of the agenda will be discussed at the meeting. In the meantime, if you should have any questions, please contact me.

Sincerely,

George S. Flint District Manager

Cc: Sarah Sandy, District Counsel Nicole Stalder, District Engineer Alan Scheerer, Field Manager

-77-

Enclosures

MINUTES

MINUTES OF MEETING OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Osceola Chain of Lakes Community Development District was held Wednesday, August 4, 2021, at 1:30 p.m. at the District Office, 313 Campus Street, Celebration, FL 34747.

Present and constituting a quorum were:

Anthony Iorio (via Zoom)

Jason Lonas

Tim Tassone

Kimberly Locher

Chairman

Vice Chairman

Assistant Secretary

Assistant Secretary

Also participating either in person or via Zoom Video Communications were:

Gary Moyer Manager: Moyer Management Group

Angel Montagna Manager: Inframark

Sarah Sandy Attorney: Hopping Green & Sams

Brenda Burgess Moyer Management Group

George Flint Governmental Management Services

Stephen Orosz Hanover Capital Partners

FIRST ORDER OF BUSINESS Call to Order

Mr. Iorio called the meeting to order at 1:30 p.m.

SECOND ORDER OF BUSINESS Roll Call

Mr. Iorio called the roll and stated a quorum was present for the meeting.

THIRD ORDER OF BUSINESS Public Comment Period

There being none, the next order of business followed.

FOURTH ORDER OF BUSINESS Approval of the Minutes of the May 5, 2021, Regular Meeting

Mr. Iorio reviewed the minutes, which are included in the agenda package and are available for public review in the District Office during normal business hours, and requested additions, corrections, or deletions.

Ms. Sandy stated I reviewed the minutes and had no comments or changes.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to accept the minutes of the May 5, 2021 regular meeting, as presented.

FIFTH ORDER OF BUSINESS

Business Matters

Mr. Moyer stated the Board should discuss the proposal that was received from Governmental Management Services (GMS) for District management services. This item was not listed on the agenda. It can fall under Business Matters, Other Business, or Supervisor Requests.

Mr. Iorio stated we can discuss it whenever is convenient.

Ms. Sandy stated the Board can discuss it now. I will ask the Board to consider a motion to amend the agenda to add consideration of the GMS District Management proposal. Then we will receive any public comments before taking any Board action.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to amend the agenda to consider the Governmental Management Services District Management proposal.

Mr. Iorio stated Ms. Burgess previously emailed this proposal to the Board.

Mr. Flint stated I appreciate the opportunity to attend the meeting. I did not prepare a formal presentation, but the Board received our proposal for District Management services, which we submitted for review and consideration. GMS manages approximately 180 community development districts around the State of Florida. I manage the Central Florida operations, and we manage about 80 districts out of my office, primarily the central Florida region, although we do have some from other parts of the State. We provide a full array of management services. We do not subcontract out for any services. The proposal includes the organizational chart and how we are structured. We have three main offices: Jacksonville, Fort Lauderdale, and Orlando. We also have some smaller offices in other parts of the State. I am proposing to serve as the District Manager for the District. Ms. Lauren Vanderveer will be the recording secretary. Ms. Katie Costa will be the accountant. They are all very experienced and qualified. We manage another district for Hanover in Lake County, so we are familiar with the developer. We are also familiar with Lennar, which I understand is primarily the builder left in this project. The proposed fee is \$35,000, which includes management, secretarial, and accounting. We have a \$5,000 fee for assessment administration, and \$1,500 for website. Not included in the proposal but included in our proposed agreement is dissemination agent services. Mr. Moyer's firm currently serves in that capacity, and we included it in the proposal for \$3,500 to cover both bond issues.

Ms. Sandy stated if the Board would like to accept the proposal from GMS for District Management, subject to transition dates, you can enter a motion to approve the proposal subject to legal counsel's review and finalization of a management contract between the District and GMS, and negotiating a start date.

On MOTION by Mr. Iorio, seconded by Mr. Lonas, with all in favor, unanimous approval was given to accept the proposal from Governmental Management Services for District Management services, subject to Legal Counsel's review and finalization of a management contract, and negotiation of a start date.

Ms. Sandy stated I suggest the Board send a notice of termination to Moyer Management Group, in recognition of Mr. Moyer's pending retirement. I believe Mr. Moyer and Ms. Burgess are able to continue serving until the end of the fiscal year, so the termination would be effective September 30, 2021, with GMS starting October 1, 2021.

Mr. Moyer stated that will work.

On MOTION by Mr. Tassone, seconded by Mr. Lonas, with all in favor, unanimous approval was given to send a letter of termination to Moyer Management Group effective September 30, 2021, with Governmental Management Services to start October 1, 2021.

Mr. Iorio stated we are sad to see Mr. Moyer retire. He has been a staple in this industry for a very long time. He and Ms. Burgess will be truly missed. We thank you for all you have done.

Mr. Moyer stated thank you. As to the letter of termination since I will end up writing the letter, it will be very short and to the point.

SIXTH ORDER OF BUSINESS

Public Hearing for Adoption of the Budget for Fiscal Year 2022

A. Fiscal Year 2022 Proposed Budget

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to open the public hearing for adoption of the budget for fiscal year 2022.

B. Resolution 2021-05, Amending the Budget Hearing Date

Mr. Moyer read Resolution 2021-05 into the record by title.

Mr. Moyer stated we pushed the public hearing date to today; it was originally scheduled for July 7, 2021. This Resolution will amend the public hearing date.

On MOTION by Mr. Lonas, seconded by Mr. Tassone, with all in favor, unanimous approval was given to Resolution 2021-05, amending the hearing date for Wednesday, August 4, 2021, at 1:30 p.m. at the District office.

C. Resolution 2021-06, Adopting the Budget for Fiscal Year 2022

Mr. Moyer stated Ms. Burgess has been working on this budget with representatives of the developer. Some minor changes have been made to which lots are in Phases 3 and 4. I think all those have been addressed. The budget included in the agenda package reflects that. The budget breaks the revenues into District-collected assessments, where for unplatted property, the District will send an invoice to the developer. The majority of the non-ad valorem assessments will be received from the tax collector, which is pursuant to Chapter 197, Florida Statutes. Included under revenues are discounts and interest income as well as miscellaneous income and other financing sources. Total revenues and expenses are \$210,308.23, broken into administrative and field. Administrative expenses are proposed to be \$114,316.80, and field expenses are shown as \$95,991.43. This results in no increase of the District's non-ad valorem assessments on the platted lots within Phases 1 through 4.

Ms. Burgess stated with the District Management agreement the Board just approved, I need to tweak some of those numbers to reflect management and dissemination agent fees. With the numbers Mr. Flint provided, I will make those changes with the permission of the Board. The budget will still net to zero, and we will not increase any assessments. For the Board's information, we had some surplus using the current assessment level on platted properties and acreage, so I increased the administrative contingency to \$5,000, which is more than you will need, and I put the rest of the surplus into the field contingency. I will make the administrative line item changes pursuant to the new management contract and put anything that is left over into the field contingency line item to end with a net zero budget.

Mr. Iorio stated yes, please proceed to make those changes.

Mr. Moyer stated the rest of the budget deals primarily with capital projects and debt service, all of which are driven by actions this Board has already taken in the past in terms of levying the non-ad valorem assessments for the payment of principal and interest on the bonds. Capital projects come from the Engineer's Report and the sale of bonds that previously took place. Those are pretty fixed and are also part of the Fiscal Year 2022 budget.

Mr. Moyer stated I will open the hearing for any members of the public who wish to make a public comment. Hearing none, then it is appropriate for the Board to consider Resolution 2021-06.

Mr. Moyer read Resolution 2021-06 into the record by title.

Mr. Moyer stated the blanks within the resolution will be filled in to reflect our discussion.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to Resolution 2021-06, adopting the budget for fiscal year 2022.

D. Resolution 2021-07, Levying the Assessments for Fiscal Year 2022

Mr. Moyer read Resolution 2021-07 into the record by title.

Mr. Moyer stated this is the document that will accompany the budget we provide to the property appraiser and tax collector.

Ms. Burgess stated I spent a couple hours yesterday with Mr. Scott Hoopes going through Phases 3 and 4 to make sure the lots are referenced appropriate for water or interior lots and frontage of 50 feet or 60 feet. The roll I emailed to everyone separately is the result of my discussion with Mr. Hoopes. The numbers all add up and balance to what you see on the budget. That will be the roll to accompany this Resolution to be put on the real estate tax bills. Phase 5 is the only phase – 78 lots – that will be direct billed to the developer for the debt assessment and their portion of operation and maintenance. All the other lots are on the tax roll.

On MOTION by Mr. Lonas, seconded by Mr. Tassone, with all in favor, unanimous approval was given to Resolution 2021-07, levying the assessments for Fiscal Year 2022.

SEVENTH ORDER OF BUSINESS

District Manager Report

A. Financial Statements (June 2021)

Mr. Moyer reviewed the financial statements, which are contained in the agenda package and available for public review at the District office during normal business hours.

Mr. Moyer stated we are \$18,000 under budget for administrative expenses, and \$18,000 under budget also for field expenses. These are through June 30th, which is nine months of the fiscal year. In total, we are \$37,109.14 under budget.

B. Check Register

Mr. Moyer reviewed the check register contained in the agenda package and available for public review at the District office during normal business hours.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to the check register, as presented.

C. Funding Request #20CP

Mr. Moyer reviewed funding request #20CP contained in the agenda package and available for public review at the District office during normal business hours.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to funding request #20CP in the amount of \$164.50.

D. Resolution 2021-08, Transitioning Officers

Mr. Moyer read Resolution 2021-08 into the record by title.

Mr. Iorio stated the revised Resolution sent to everyone will transition officers to GMS: Mr. George Flint as Secretary, Ms. Jillian Burns as Treasurer, and Ms. Katie Costa as Assistant Treasurer.

Ms. Burgess stated I received this Resolution from Ms. Sandy. Primarily, we need to remove Mr. Moyer as Secretary and Treasurer. With the transition to GMS, I thought it appropriate for the Board to appoint their staff as officers, and to direct us to work on the transition with Mr. Flint and his staff. The Board can appoint new officers through the end of the fiscal year upon Mr. Moyer's retirement. GMS staff will be designated as officers on October 1, 2021. Ms. Sandy can address if you feel it is appropriate to appoint them earlier. It does not matter to me which way the Board decides.

Ms. Sandy asked does Mr. Flint have a preference having officers appointed effective October 1, or a date before that?

Mr. Flint stated October 1 is fine. I do not know that it needs to happen before our contract goes into effect. You may want to have that gap filled if Mr. Moyer is stepping down now. The Board might want to designate someone for that interim period of time.

Ms. Sandy asked would Mr. Moyer continue to serve as Secretary and Treasurer through the end of the fiscal year? Would there be someone from Moyer Management Group who could do that?

Mr. Moyer stated I would be glad to continue to serve until September 30.

Ms. Burgess stated we do not have much that would be required. It would be primarily signing checks and other documents as Secretary or Treasurer, and that is pretty minimal for this District. If Mr. Moyer is willing to continue through September 30, then we probably do not need to change that section.

Ms. Sandy stated we will include him as Secretary and Treasurer through September 30. The GMS contract will be effective beginning October 1, 2021. Would Mr. Flint want his staff to be designated as of that date, or a date prior to then?

Mr. Flint stated perhaps two weeks before October 1 so we can get the bank accounts switched over.

Mr. Iorio stated I was thinking the same thing.

Ms. Sandy stated we can make it effective September 17.

Mr. Moyer stated the Resolution specifies September 30, so we will change it to September 17.

Mr. Flint stated yes, that will work.

On MOTION by Mr. Tassone, seconded by Mr. Lonas, with all in favor, unanimous approval was given to Resolution 2021-08 transitioning officers, as amended to be effective September 17, 2021.

Ms. Burgess stated this Board, at its Organizational meeting, appointed who signs on the bank account: Chairman, Vice Chairman, Treasurer, and Assistant Treasurer. Do we want to consider changing those now or wait until October 1st when you are with GMS? It might be more prudent to have just Treasurer and Assistant Treasurer on the bank account instead of having new bank cards to be signed at the branch for new officers. That was a question I raised to Ms. Sandy if you want to even discuss it today.

Osceola Chain of Lakes CDD August 4, 2021

Mr. Flint stated I think with Resolution 2021-08, we can probably get the signature cards switched over. We will work through that.

Ms. Burgess stated that was one of the early resolutions that SunTrust has always asked for. I will leave that to GMS to handle, and we have this Resolution designating new officers in the meantime.

EIGHTH ORDER OF BUSINESS Staff Reports

A. Attorney

Mr. Iorio stated I want to thank Ms. Sandy for her assistance in the management transition.

B. Engineer

Mr. Iorio stated Ms. Nicole Stalder was not able to attend today's meeting. We have been coordinating with her on Phase 5, which is well underway. All the earthwork has been done, and utilities are nearing completion. They are being installed as we speak. We anticipate the completion will be at the end of this year with all certificates of completion. Hanover will continue to work closely with Dewberry and Ms. Stalder on all the necessary paperwork to transition everything, as we have done in the past.

NINTH ORDER OF BUSINESS Public Comment Period

There being none, the next order of business followed.

TENTH ORDER OF BUSINESS Other Business

Mr. Flint stated I want to thank the Board for considering our proposal and retaining our firm for management services. We wish Mr. Moyer well in his retirement. He is a hard act to follow, and we look forward to working with the Board on this District.

Mr. Iorio stated thank you to Mr. Moyer and Ms. Burgess. I have been blessed to work with you both these many years.

ELEVENTH ORDER OF BUSINESS Supervisor Requests

There being none, the next order of business followed.

TWELFTH ORDER OF BUSINESS Adjournment

• The next meeting is scheduled for September 1, 2021, at 1:30 p.m.

| On MOTION by Ms. Loch all in favor, the meeting wa | ner, seconded by Mr. Lonas, with as adjourned at 2:00 p.m. |
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| an in lavoi, the meeting wa | as aujourned at 2.00 p.m. |
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| | |
| Secretary/Assistant Secretary | Chairman/Vice Chairman |

SECTION IV

SECTION A

AGREEMENT BETWEEN THE OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT AND DOWN TO EARTH REGARDING THE PROVISION OF LANDSCAPE MAINTENANCE SERVICES

| THIS AGREEMENT ("Agreement" |) is made and entered into this | day of |
|-----------------------------|---------------------------------|--------|
| , 2021 by and between: | | |

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, *Florida Statutes*, being situated in Osceola County, Florida, and whose mailing address is 219 East Livingston Street, Orlando, Florida 32801 (the "District"); and

SSS DOWN TO EARTH OPCO, LLC, a Florida limited liability company, whose address is P.O. Box 738, Tangerine, Florida 32777 ("Contractor" and, together with the District, the "Parties").

RECITALS

WHEREAS, the District is a local unit of special-purpose government established pursuant to the Uniform Community Development District Act of 1980, as codified in Chapter 190, Florida Statutes (the "Act"), by ordinance adopted by Osceola County, Florida; and

WHEREAS, the District was established for the purpose of planning, financing, constructing, operating and/or maintaining certain infrastructure; and

WHEREAS, the District has a need to retain an independent contractor to provide landscape maintenance services for the pond banks located within the District; and

WHEREAS, Contractor submitted a proposal and represents that it is qualified to provide landscape maintenance services and has agreed to provide to the District those services identified in **Exhibit A**, attached hereto and incorporated by reference herein ("Services"); and

WHEREAS, the District and Contractor warrant and agree that they have all right, power and authority to enter into and be bound by this Agreement.

NOW, THEREFORE, in consideration of the recitals, agreements, and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

SECTION 1. INCORPORATION OF RECITALS. The recitals stated above are true and correct and by this reference are incorporated by reference as a material part of this Agreement.

SECTION 2. DESCRIPTION OF WORK AND SERVICES.

A. The District desires that the Contractor provide professional landscape maintenance services within presently accepted standards. Upon all Parties signing this Agreement, the Contractor shall provide the District with the Services identified in **Exhibit A**.

- **B.** While providing the Services, the Contractor shall assign such staff as may be required, and such staff shall be responsible for coordinating, expediting, and controlling all aspects to assure completion of the Services.
- C. The Contractor shall provide the Services as shown in Section 3 of this Agreement. Contractor shall solely be responsible for the means, manner and methods by which its duties, obligations and responsibilities are met to the satisfaction of the District.
- **D.** This Agreement grants to Contractor the right to enter the lands that are subject to this Agreement, for those purposes described in this Agreement, and Contractor hereby agrees to comply with all applicable laws, rules, and regulations.
- SECTION 3. SCOPE OF LANDSCAPE MAINTENANCE SERVICES. The Contractor will provide landscape maintenance services for the pond banks within the District. The duties, obligations, and responsibilities of Contractor are to provide the material, tools, skill and labor necessary for the Services attached as Exhibit A on a monthly basis. To the extent any of the provisions of this Agreement are in conflict with the provisions of Exhibit A, this Agreement controls.
- SECTION 4. MANNER OF CONTRACTOR'S PERFORMANCE. The Contractor agrees, as an independent contractor, to undertake work and/or perform such services as specified in this Agreement or any addendum executed by the Parties or in any authorized written work order by the District issued in connection with this Agreement and accepted by the Contractor. All work shall be performed in a neat and professional manner reasonably acceptable to the District and shall be in accordance with industry standards. The performance of the Services by the Contractor under this Agreement and related to this Agreement shall conform to any written instructions issued by the District.
- A. Should any work and/or services be required which are not specified in this Agreement or any addenda, but which are nevertheless necessary for the proper provision of services to the District, such work or services shall be fully performed by the Contractor as if described and delineated in this Agreement.
- B. The Contractor agrees that the District shall not be liable for the payment of any work or services not included in **Section 3** unless the District, through an authorized representative of the District, authorizes the Contractor, in writing, to perform such work.
- C. The District shall designate in writing a person to act as the District's representative with respect to the services to be performed under this Agreement. The District's representative shall have complete authority to transmit instructions, receive information, interpret and define the District's policies and decisions with respect to materials, equipment, elements, and systems pertinent to the Contractor's services.
 - (1) The District hereby designates the District Manager, or his designee, to act as its representative.

- (2) Upon request by the District Manager, the Contractor agrees to meet with the District's representative to walk the property to discuss conditions, schedules, and items of concern regarding this Agreement.
- **D.** Contractor shall use all due care to protect the property of the District, its residents, and landowners from damage. Contractor agrees to repair any damage resulting from Contractor's activities and work within twenty-four (24) hours.

SECTION 5. COMPENSATION; TERM.

- A. As compensation for the Services described in this Agreement, the District agrees to pay the Contractor Three Thousand Three Hundred Ninety-One Dollars and Forty-Six Cents (\$3,391.46) per month. The term of this Agreement shall be from January 1, 2022, through December 31, 2022, unless terminated earlier by either party in accordance with the provisions of this Agreement.
- **B.** If the District should desire additional work or services, or to add additional areas to be maintained, the Contractor agrees to negotiate in good faith to undertake such additional work or services. Upon successful negotiations, the Parties shall agree in writing to an addendum, addenda, or change order to this Agreement. The Contractor shall be compensated for such agreed additional work or services based upon a payment amount acceptable to the Parties and agreed to in writing.
- C. The District may require, as a condition precedent to making any payment to the Contractor that all subcontractors, materialmen, suppliers or laborers be paid and require evidence, in the form of Lien Releases or partial Waivers of Lien, to be submitted to the District by those subcontractors, material men, suppliers or laborers, and further require that the Contractor provide an Affidavit relating to the payment of said indebtedness. Further, the District shall have the right to require, as a condition precedent to making any payment, evidence from the Contractor, in a form satisfactory to the District, that any indebtedness of the Contractor, as to services to the District, has been paid and that the Contractor has met all of the obligations with regard to the withholding and payment of taxes, Social Security payments, Workmen's Compensation, Unemployment Compensation contributions, and similar payroll deductions from the wages of employees.
- **D.** The Contractor shall maintain records conforming to usual accounting practices. As soon as may be practicable at the beginning of each month, the Contractor shall invoice the District for all services performed in the prior month and any other sums due to the Contractor. The District shall pay the invoice amount within thirty (30) days after the invoice date. The Contractor may cease performing services under this Agreement if any payment due hereunder is not paid within thirty (30) days of the invoice date. Each monthly invoice will include such supporting information as the District may reasonably require the Contractor to provide.

SECTION 6. INSURANCE.

- **A.** The Contractor shall maintain throughout the term of this Agreement the following insurance:
 - (1) Worker's Compensation Insurance in accordance with the laws of the State of Florida.
 - (2) Commercial General Liability Insurance covering the Contractor's legal liability for bodily injuries, with limits of not less than \$1,000,000 combined single limit bodily injury and property damage liability, and covering at least the following hazards:
 - (i) Independent Contractors Coverage for bodily injury and property damage in connection with any subcontractors' operation.
 - (3) Employer's Liability Coverage with limits of at least \$1,000,000 (one million dollars) per accident or disease.
 - (4) Automobile Liability Insurance for bodily injuries in limits of not less than \$1,000,000 combined single limit bodily injury and for property damage, providing coverage for any accident arising out of or resulting from the operation, maintenance, or use by the Contractor of any owned, non-owned, or hired automobiles, trailers, or other equipment required to be licensed.
- B. The District, its staff, consultants and supervisors shall be named as additional insured. The Contractor shall furnish the District with the Certificate of Insurance evidencing compliance with this requirement. No certificate shall be acceptable to the District unless it provides that any change or termination within the policy periods of the insurance coverage, as certified, shall not be effective within thirty (30) days of prior written notice to the District. Insurance coverage shall be from a reputable insurance carrier, licensed to conduct business in the State of Florida.
- C. If the Contractor fails to have secured and maintained the required insurance, the District has the right but not the obligation to secure such required insurance in which event the Contractor shall pay the cost for that required insurance and shall furnish, upon demand, all information that may be required in connection with the District's obtaining the required insurance.

SECTION 7. INDEMNIFICATION.

- A. Obligations under this section shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, arbitration and/or mediation costs, litigation expenses, attorney fees, and paralegal fees (incurred in court, out of court, on appeal, or in bankruptcy proceedings) as ordered.
- **B.** Contractor agrees to indemnify and hold harmless the District and its officers, agents and employees from any and all liability, claims, actions, suits or demands by any person, corporation or other entity for injuries, death, property damage or of any nature, arising out of, or in connection with, the work to be performed by Contractor, including litigation or any appellate proceedings with respect thereto. Contractor further agrees that nothing herein shall constitute or be construed as a waiver of the District's limitations on liability contained in Section 768.28, *Florida Statutes*, or other statute.
- C. In no event, however, shall Contractor be liable for incidental, special, punitive or exemplary damages in connection with this Agreement, even if notice was given of the possibility of such damages and even if such damages were reasonably foreseeable.

SECTION 8. LIMITATIONS ON GOVERNMENTAL LIABILITY. Nothing in this Agreement shall be deemed as a waiver of the District's sovereign immunity or the District's limits of liability as set forth in Section 768.28, *Florida Statutes*, or other statute, and nothing in this Agreement shall inure to the benefit of any third party for the purpose of allowing any claim which would otherwise be barred under such limitations of liability or by operation of law.

SECTION 9. COMPLIANCE WITH GOVERNMENTAL REGULATION. The Contractor shall keep, observe, and perform all requirements of applicable local, State, and Federal laws, rules, regulations, or ordinances. If the Contractor fails to notify the District in writing within five (5) days of the receipt of any notice, order, required to comply notice, or a report of a violation or an alleged violation, made by any local, State, or Federal governmental body or agency or subdivision thereof with respect to the services being rendered under this Agreement or any action of the Contractor or any of its agents, servants, employees, or materialmen, or with respect to terms, wages, hours, conditions of employment, safety appliances, or any other requirements applicable to provision of services, or fails to comply with any requirement of such agency within five (5) days after receipt of any such notice, order, request to comply notice, or report of a violation or an alleged violation, the District may terminate this Agreement, such termination to be effective upon the giving of notice of termination.

SECTION 10. LIENS AND CLAIMS. The Contractor shall promptly and properly pay for all labor employed, materials purchased, and equipment hired by it to perform under this Agreement. The Contractor shall keep the District's property free from any materialmen's or mechanic's liens and claims or notices in respect to such liens and claims, which arise by reason of the Contractor's performance under this Agreement, and the Contractor shall immediately discharge any such claim or lien. In the event that the Contractor does not pay or satisfy such

claim or lien within three (3) business days after the filing of notice thereof, the District, in addition to any and all other remedies available under this Agreement, may terminate this Agreement to be effective immediately upon the giving of notice of termination.

SECTION 11. DEFAULT AND PROTECTION AGAINST THIRD PARTY INTERFERENCE. A default by either party under this Agreement shall entitle the other to all remedies available at law or in equity, which may include, but not be limited to, the right of damages, injunctive relief, and/or specific performance. The District shall be solely responsible for enforcing its rights under this Agreement against any interfering third party. Nothing contained in this Agreement shall limit or impair the District's right to protect its rights from interference by a third party to this Agreement.

SECTION 12. CUSTOM AND USAGE. It is hereby agreed, any law, custom, or usage to the contrary notwithstanding, that the District shall have the right at all times to enforce the conditions and agreements contained in this Agreement in strict accordance with the terms of this Agreement, notwithstanding any conduct or custom on the part of the District in refraining from so doing; and further, that the failure of the District at any time or times to strictly enforce its rights under this Agreement shall not be construed as having created a custom in any way or manner contrary to the specific conditions and agreements of this Agreement, or as having in any way modified or waived the same.

SECTION 13. SUCCESSORS. This Agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the Parties to this Agreement, except as expressly limited in this Agreement.

SECTION 14. TERMINATION. The District agrees that the Contractor may terminate this Agreement with cause by providing thirty (30) days' written notice of termination to the District stating a failure of the District to perform according to the terms of this Agreement; provided, however, that the District shall be provided a reasonable opportunity to cure any failure under this Agreement. The Contractor agrees that the District may terminate this Agreement immediately for cause by providing written notice of termination to the Contractor. The District shall provide thirty (30) days' written notice of termination without cause. Upon any termination of this Agreement, the Contractor shall be entitled to payment for all work and/or services rendered up until the effective termination of this Agreement, subject to whatever claims or offsets the District may have against the Contractor.

SECTION 15. PERMITS AND LICENSES. All permits and licenses required by any governmental agency directly for the District shall be obtained and paid for by the District. All other permits or licenses necessary for the Contractor to perform under this Agreement shall be obtained and paid for by the Contractor.

SECTION 16. ASSIGNMENT. Neither the District nor the Contractor may assign this Agreement without the prior written approval of the other. Any purported assignment without such approval shall be void.

SECTION 17. INDEPENDENT CONTRACTOR STATUS. In all matters relating to this Agreement, the Contractor shall be acting as an independent contractor. Neither the Contractor nor employees of the Contractor, if there are any, are employees of the District under the meaning or application of any Federal or State Unemployment or Insurance Laws or Old Age Laws or otherwise. The Contractor agrees to assume all liabilities or obligations imposed by any one or more of such laws with respect to employees of the Contractor, if there are any, in the performance of this Agreement. The Contractor shall not have any authority to assume or create any obligation, express or implied, on behalf of the District and the Contractor shall have no authority to represent the District as an agent, employee, or in any other capacity, unless otherwise set forth in this Agreement.

SECTION 18. HEADINGS FOR CONVENIENCE ONLY. The descriptive headings in this Agreement are for convenience only and shall neither control nor affect the meaning or construction of any of the provisions of this Agreement.

SECTION 19. ENFORCEMENT OF AGREEMENT. A default by either Party under this Agreement shall entitle the other Party to all remedies available at law or in equity. In the event that either the District or the Contractor is required to enforce this Agreement by court proceedings or otherwise, then the prevailing Party shall be entitled to recover all fees and costs incurred, including reasonable attorneys' fees and costs for trial, alternative dispute resolution, or appellate proceedings.

SECTION 20. AGREEMENT. This instrument shall constitute the final and complete expression of this Agreement between the Parties relating to the subject matter of this Agreement. None of the provisions of **Exhibit A** shall apply to this Agreement and **Exhibit A** shall not be incorporated herein, except that **Exhibit A** is applicable to the extent that it states the scope of services for the labor and materials to be provided under this Agreement.

SECTION 21. AMENDMENTS. Amendments to and waivers of the provisions contained in this Agreement may be made only by an instrument in writing which is executed by both Parties.

SECTION 22. AUTHORIZATION. The execution of this Agreement has been duly authorized by the appropriate body or official of the Parties, the Parties have complied with all the requirements of law, and the Parties have full power and authority to comply with the terms and provisions of this Agreement.

SECTION 23. NOTICES. All notices, requests, consents and other communications under this Agreement ("Notice" or "Notices") shall be in writing and shall be hand delivered, mailed by First Class Mail, postage prepaid, or sent by overnight delivery service, to the Parties, as follows:

A. If to District:

Osceola Chain of Lakes Community Development District 219 East Livingston Street

Orlando, Florida 32801 Attn: District Manager

With a copy to: Hopping Green & Sams, P.A.

119 S. Monroe Street, Suite 300 Tallahassee, Florida 32301 Attn: District Counsel

B. If to the Contractor: SSS Down To Earth Opco, LLC

P.O. Box 738

Tangerine, Florida 32777

Attn: Tom Lazzaro

Except as otherwise provided in this Agreement, any Notice shall be deemed received only upon actual delivery at the address set forth above. Notices delivered after 5:00 p.m. (at the place of delivery) or on a non-business day, shall be deemed received on the next business day. If any time for giving Notice contained in this Agreement would otherwise expire on a non-business day, the Notice period shall be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government shall not be regarded as business days. Counsel for the District and counsel for the Contractor may deliver Notices on behalf of the District and the Contractor. Any party or other person to whom Notices are to be sent or copied may notify the Parties and addressees of any change in name or address to which Notices shall be sent by providing the same on five (5) days written notice to the Parties and addressees set forth in this Agreement.

SECTION 24. THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the Parties hereto and no right or cause of action shall accrue upon or by reason, to or for the benefit of any third party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than the Parties hereto any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement; and all of the provisions, representations, covenants, and conditions contained in this Agreement shall inure to the sole benefit of and shall be binding upon the Parties hereto and their respective representatives, successors, and assigns.

SECTION 25. CONTROLLING LAW AND VENUE. This Agreement and the provisions contained in this Agreement shall be construed, interpreted, and controlled according to the laws of the State of Florida. All actions and disputes shall be brought in the proper court and venue, which shall be Osceola County, Florida.

SECTION 26. COMPLIANCE WITH PUBLIC RECORDS LAWS. Contractor understands and agrees that all documents of any kind provided to the District in connection with this Agreement may be public records, and, accordingly, Contractor agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to Section 119.0701, Florida Statutes. Contractor acknowledges that the designated public records custodian for the District is George Flint ("Public Records Custodian"). Among other requirements and to the extent applicable by law, the Contractor shall 1) keep and maintain

public records required by the District to perform the service; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if the Contractor does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records in Contractor's possession or, alternatively, keep, maintain and meet all applicable requirements for retaining public records pursuant to Florida laws. When such public records are transferred by the Contractor, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (407) 841-5524, GFLINT@GMSCFL.COM, OR 219 EAST LIVINGSTON STREET, ORLANDO, FLORIDA 32801.

SECTION 27. SEVERABILITY. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part of this Agreement not held to be invalid or unenforceable.

SECTION 28. ARM'S LENGTH TRANSACTION. This Agreement has been negotiated fully between the Parties as an arm's length transaction. The Parties participated fully in the preparation of this Agreement with the assistance of their respective counsel. In the case of a dispute concerning the interpretation of any provision of this Agreement, the Parties are each deemed to have drafted, chosen, and selected the language, and any doubtful language will not be interpreted or construed against any party.

SECTION 29. COUNTERPARTS. This instrument may be executed in any number of counterparts, each of which, when executed and delivered, shall constitute an original, and such counterparts together shall constitute one and the same instrument. Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document.

SECTION 30. E-VERIFY. The Contractor shall comply with and perform all provisions of Section 448.095, *Florida Statutes*. Accordingly, as a condition precedent to entering into this Agreement, Contractor shall register with and use the United States Department of Homeland Security's E-Verify system to verify the work authorization status of all newly hired employees.

If the Contractor anticipates entering into agreements with a subcontractor for the Work, Contractor will not enter into the subcontractor agreement without first receiving an affidavit from the subcontractor regarding compliance with Section 448.095, Florida Statutes, and stating that the subcontractor has registered with and uses the E-Verify system and does not employ, contract with, or subcontract with an unauthorized alien. Contractor shall maintain a copy of such affidavit for the duration of the agreement and provide a copy to the District upon request. Any party may terminate this Agreement or any subcontract hereunder if there is a good faith belief on the part of the terminating party that a contracting party has knowingly violated Section 448.09(1), Florida Statutes. Upon such termination, Contractor shall be liable for any additional costs incurred by the District because of the termination. If the District has a good faith belief that a subcontractor has violated Section 448.095, Florida Statutes, but the Contractor has otherwise complied with its obligations hereunder, the District shall promptly notify the Contractor. The Contractor agrees to immediately terminate the agreement with the subcontractor upon notice from the District.

SECTION 31. COMPLIANCE WITH SECTION 20.055, FLORIDA STATUTES. The Contractor agrees to comply with Section 20.055(5), Florida Statutes, to cooperate with the inspector general in any investigation, audit, inspection, review, or hearing pursuant such section and to incorporate in all subcontracts the obligation to comply with Section 20.055(5), Florida Statutes.

[Remainder of page intentionally left blank]

| IN WITNESS WHEREOF, the parties execute this Agreement the day and year first written above. | |
|--|---|
| Attest: | OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT |
| Secretary/Assistant Secretary | Chairman, Board of Supervisors |
| | SSS DOWN TO EARTH OPCO, LLC |
| (Signature of Witness) | By: |
| (Print Name of Witness) | Date: |

Scope of Services

Exhibit A:

11

Exhibit A:

Scope of Services



LANDSCAPE & IRRIGATION

Landscape Maintenance Proposal

Attn:

Osceola Chain of Lakes CDD

c/o George Flint

219 East Livingston Street

Orlando, FL 32801

Submitted By: Director: SSS Down To Earth Opco LLC

Tom Lazzaro

Hanover Lakes Pond Banks

Landscape Maintenance Summary

Bahia Ponds Basic Maintenance

\$ 40,697.52 Annually

Grand Total Annually

\$ 40,697.52

Grand Total Monthly

\$ 3,391.46

Additional Items

Mulch

4" Seasonal Annuals (4 times/year)

Palm Trimming

\$45.00 per cubic yard

\$2.00 each

Up to 15' included Over 15' \$30.00 each

Exhibit "A" Service Agreement Specifications

Between SSS Down To Earth Opco LLC (herein "Contractor" or "DTE") and Osceola Chain of Lakes Community Development District the services to be performed hereunder for the Basic Monthly Fee are set forth below. Any work performed in addition to these services will be separately invoiced as provided in this Agreement.

LANDSCAPE MAINTENANCE PROGRAM

I. TURF GRASS SPECIFICATIONS

i. Mowing

Mowing shall be performed as frequently as is required to maintain a height level as outlined below with power lawn mowers of sufficient horsepower to leave a neat, clean appearance. (42 cuts/yr., minimum)

Mower blades will be kept sharp to prevent the tearing of grass blades.

Various mowing patterns will be employed to insure the even distribution of clippings and to prevent ruts in the turf caused by mowers.

St. Augustine and Bahia turf should be maintained at a mowing height of 3 1/2" to 4 1/2" in height, with no more than 1/2 of leaf blade removed during mowing.

All Bermuda Sod shall be maintained at a height of 1" (85 cuts per year minimum).

ii. Edging

DTE shall neatly edge and trim around all plant beds, curbs, streets, trees, and buildings, etc. DTE shall maintain the shape and configuration of all planting beds.

All walks shall be blown or vacuumed after edging to maintain a clean, well-groomed appearance.

All grass runners to be removed after edging to maintain mulch areas free of weeds or encroaching grass.

Frequency of edging shall correspond to frequency of turf mowing.

iii. Trimming

Areas agreed to be inaccessible to moving machinery will be maintained with string trimmers, or as environmental conditions permit.

Frequency of string trimming will correspond to frequency of turf maintenance with the exception of lake banks, roadside drainage ditches, and Bahia turf areas.

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iv. Debris Removal

Each area prior to mowing will be patrolled for trash and other debris to clean area and reduce risk of flying debris during mowing. DTE shall not be obligated to clear areas of excessive trash around dumpsters and dock areas (i.e. Styrofoam peanuts).

All areas littered in the landscape maintenance process will be swept by hand, power blower, vacuum, as conditions permit, and transported to a dumping facility on site.

Removal of all landscape debris generated on the Property during landscape maintenance is the sole responsibility of DTE, at no additional expense to client.

v. Fertilization

A preliminary turf fertilization specification and schedule is as follows: Turf shall be fertilized four (4) times per year using a premium turf fertilizer with minor elements. Each application shall consist of 1.0 lb. of nitrogen per 1,000 sq. ft. of turf. Additionally, DTE shall apply a weed & feed in the spring and in the fall.

All sidewalks, roads, curbs, and patios will be swept clean of any granular fertilizer after application to minimize staining.

vi. Insect & Disease Control

Treatment of turf areas for infestation or disease shall be the responsibility of DTE.

DTE will implement an integrated Pest Management Program to minimize excessive use of pesticide and will rely heavily on continual monitoring of insect levels.

All products will be applied as directed by the manufacturer. DTE shall strictly comply with all state and federal regulations.

DTE employs an active certified Pest Control License issued through the Florida Department of Agriculture and Consumer Services.

II. IRRIGATION

DTE shall be responsible for the operation of the irrigation systems within the designated areas. The irrigation systems shall be operated to provide watering frequencies sufficient to replace soil moisture below the root zone of all planted areas, including lawns, and taking into account the amount of rainfall that has occurred. DTE shall be responsible for controlling the amount of water used for irrigation and any damage that results from over watering and insufficient watering.

DTE shall fully inspect and operate all the irrigation zones on a monthly basis and immediately report any and all problems.

Damage caused by improper operation of the irrigation systems or damages incurred through Landscape operations shall be the responsibility of DTE and shall be repaired by

DTE within twenty-four hours at no charge.

Irrigation components damaged by other than DTE due to construction, vandalism, or other causes shall be reported to the Customer. DTE, if authorized by the Customer, shall repair the damage at a fair market price or cost plus 15% basis.

III. PLANTING BEDS, SHRUBBERY, WOODY ORNAMENTAL, GROUNDCOVERS, ALL PALM TREES AND ALL OTHER TREE CARE SPECIFICATION

i. Pruning

All pruning and thinning will have the distinct objective of retaining the plant's natural shape and the original design specifications, unless Customer requests otherwise.

Plants, hedges, shrubbery and trees obstructing pedestrian or automobile traffic and damaged plants, shall be pruned as needed. All areas are to be left free of clippings following pruning.

ii. Tree Pruning

Trees shall be maintained with clear trunks with lower branch elevations to 10 feet.

Tree interior sucker branches and dead wood shall be removed up to a height not exceeding 14' from ground. Moss removal and tree spraying may be performed at an additional charge.

iii. Palm Pruning

All palms up to a maximum height of 15' overall shall be pruned and shaped as required removing dead fronds and spent seed pods. Palms up to a maximum of height 15' overall are to be thoroughly detailed with all fronds trimmed to lateral position (not "hurricane-cut") two (2) times annually.

iv. Crape Myrtle Pruning

Crape Myrtles up to a maximum height of 15' overall must be pruned and shaped each February to promote vigorous blooming and maintain desired size and shape. Branches are to be individually trimmed back to wood no larger than 1/2" in diameter. All sucker branching, seedpods, and ball moss must also be removed.

v. Edging and Trimming

Groundcovers will be confined to plant bed areas by manual or chemical means, as environmental condition permits. "Weed eating" type edging will not be used around trees.

vi. Insect and Disease control

Plants will be treated chemically as required to effectively control insect infestation and disease as environmental, horticultural and weather conditions permit.

Customer shall provide DTE access to a water source on the Customer's property for insect and disease control purposes.

vii. Weed Control

Open ground between plants shall be maintained in a condition of acceptable weed density by manual or chemical means, as environmental, horticultural and weather conditions permit.

All mulch areas or plant beds shall be maintained in a condition of acceptable weed density.

viii. Fertilization

All preliminary shrubs, trees and plantings fertilization specification are as follows:

Plant beds, shrubs, woody ornamental and ground covers shall be fertilized two times per year as to maintain good appearance and color.

Preliminary Schedule: March & September.

All ornamentals will be fertilized utilizing a product with a balanced analysis (example 8-10-10) with a good minor nutrient content. Nitrogen source should consist of a minimum of 50% slow release product.

ix. Mulching

Mulch is not provided under this Agreement at the specified amount on page 1. All beds or otherwise bare ground areas and tree rings should be maintained with a layer of mulch sufficient to cover the bare ground. In the event Customer chooses to purchase additional mulching services, DTE shall provide all labor and materials necessary to perform this work, at the following price:

Pine Straw \$ 6.00 bale Cypress Mulch \$45.00 cu yd Pine Bark \$45.00 cu yd

Mulch material shall consist of a premium grade of Pine Straw, Pine Bark Nuggets or Cypress Mulch. Owner must first approve all mulch operations.

IV. ANNUAL FLOWERS MAINTENANCE PROGRAM

The Annual Flowers maintenance program is not included in this Agreement unless specifically requested in writing as an additional charge. In the event Customer chooses to purchase the Annual Flower maintenance program, DTE shall furnish all material, labor, and necessary soil amendments for the installation and replacement of annual flowers at the price of \$2.00 per 4" pot.

Minimum Replacement Schedule

"Seasonal Color" - Four-inch pots, planted in the following schedule and spacing, to correspond with the installation period unless directed differently by Owner.

January - March = Annuals April - June = Annuals July - September = Annuals October - December = Annuals

Proper annual spacing is as follows:

Annual Bedding Plants 8-10" spacing Perennial Color 12-14" spacing

DTE will not be held responsible for any acts of God (i.e. wind damage, freeze damage).

The practice of covering plant material during a freeze to prevent damaged is an extra charge to this contract and does not guarantee plant survival.

V. CONSTANT COLOR MAINTENANCE

DTE shall be responsible for the full and complete care of all "Seasonal Color" plantings; including watering, mulching, spraying, fertilization, pruning, etc., such that the Owner is guaranteed that every annual/perennial planting mass shall maintain a healthy, vigorous appearance and shall at all times provide the finest quality color planting possible.

VI. ADDITIONAL SERVICES

DTE shall provide services over and above the Contract Specifications with written authorization from the Owner. Rates for labor and materials shall be as follows:

Supervisor/Technician \$55.00 per hour Laborers \$35.00 per hour Materials Cost + 15%

I. REQUIRED ADDENDUMS / LANDSCAPE ALTERATIONS

DTE shall not be responsible for damage caused to decorative concrete curbing unless an

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addendum to the contract is approved for this additional service request.

DTE shall not be responsible for damage caused to stucco on homes if a maintenance strip is not installed unless an addendum to the contract is approved for this additional service request.

DTE shall not be responsible for maintenance of additional landscape installed by the homeowner unless an addendum to the contract is approved for this additional service request.

DTE shall not be responsible for maintenance of backyards if a privacy fence is installed unless an addendum to the contract is approved for this additional labor service request which requires smaller push mowers and string trimming to entire perimeter fence.

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SECTION B



951 Yamato Road • Suite 280 Boca Raton, Florida 33431 (561) 994-9299 • (800) 299-4728 Fax (561) 994-5823 www.graucpa.com

October 27, 2021

Board of Supervisors
Osceola Chain of Lakes Community Development District
c/o GMS - CFL, LLC
219 E. Livingston Street
Orlando, FL 32801

We are pleased to confirm our understanding of the services we are to provide Osceola Chain of Lakes Community Development District, Osceola County, Florida ("the District") for the fiscal year ended September 30, 2021. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of Osceola Chain of Lakes Community Development District as of and for the fiscal year ended September 30, 2021. In addition, we will examine the District's compliance with the requirements of Section 218.415 Florida Statutes.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis.
- 2) Budgetary comparison schedule

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information:

1) Compliance with FL Statute 218.39 (3) (c)

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue a report, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control on compliance, and (2) that the report is an integral part of an audit performed in

accordance with Government Auditing Standards in considering the District's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Examination Objective

The objective of our examination is the expression of an opinion as to whether the District is in compliance with Florida Statute 218.415 in accordance with Rule 10.556(10) of the Auditor General of the State of Florida. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and will include tests of your records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our examination of the District's compliance. The report will include a statement that the report is intended solely for the information and use of management, those charged with governance, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the District's compliance is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form or have not formed an opinion, we may decline to express an opinion or issue a report, or may withdraw from this engagement.

Other Services

We will assist in preparing the financial statements and related notes of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. Further, management is responsible for compliance with Florida Statute 218.415 and will provide us with the information required for the examination. The accuracy and completeness of such information is also management's responsibility. As part of the audit, we will assist with preparation of your financial statements and related notes in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. In addition, you will be required to make certain representations regarding compliance with Florida Statute 218.415 in the management representation letter. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As part of our engagement, we may propose standard adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of the proposed entries and the impact they have on the financial statements.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants.

However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Grau & Associates and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Grau & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. Notwithstanding the foregoing, the parties acknowledge that various documents reviewed or produced during the conduct of the audit may be public records under Florida law. The District agrees to notify Grau & Associates of any public record request it receives that involves audit documentation.

Furthermore, Grau & Associates agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to Section 119.0701, Florida Statutes. Auditor acknowledges that the designated public records custodian for the District is the District Manager ("Public Records Custodian"). Among other requirements and to the extent applicable by law, Grau & Associates shall 1) keep and maintain public records required by the District to perform the service; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if Auditor does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records Custodian of the District; and 4) upon completion of the contract transferred by Grau & Associates, Grau & Associates shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF GRAU & ASSOCIATES HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO ITS DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE PUBLIC RECORDS CUSTODIAN AT C/O GOVERNMENTAL MANAGEMENT SERVICES - CENTRAL FLORIDA, LLC, 219 EAST LIVINGSTON STREET ORLANDO, FLORIDA 32801, OR RECORDREQUEST@GMSCFL.COM, PH: (407) 841-5524.

Our fee for these services will not exceed \$5,500 for the September 30, 2021 audit. The fee for each annual renewal will be agreed upon separately.

We will complete the audit within prescribed statutory deadlines, which requires the District to submit its annual audit to the Auditor General no later than nine (9) months after the end of the audited fiscal year, with the understanding that your employees will provide information needed to perform the audit on a timely basis.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices will be submitted in sufficient detail to demonstrate compliance with the terms of this agreement. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

The District may terminate this agreement, with or without cause, upon thirty (30) days written notice of termination to Grau & Associates. Upon any termination of this agreement, Grau & Associates shall be entitled to payment of all work and/or services rendered up until the date of the notice of termination subject to any offsets the District may have against Grau & Associates.

We will provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2019 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Osceola Chain of Lakes Community Development District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

| Very truly yours, |
|--|
| Grau & Associates |
| or 2m |
| Antonio J. Grau |
| RESPONSE: |
| This letter correctly sets forth the understanding of Osceola Chain of Lakes Community Development District. |
| By: |
| Title: |
| Date: |





Peer Review Program

FICPA Peer Review Program Administered in Florida by The Florida Institute of CPAs

AICPA Peer Review Program Administered in Florida by the Florida Institute of CPAs

February 20, 2020

Antonio Grau Grau & Associates 951 Yamato Rd Ste 280 Boca Raton, FL 33431-1809

Dear Antonio Grau.

It is my pleasure to notify you that on February 20, 2020, the Florida Peer Review Committee accepted the report on the most recent. System Review of your firm. The due date for your next review is. December 31, 2022. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely, FICPA Peer Review Committee

Peer Review Team FICPA Peer Review Committee paul@ficpa.org 800-342-3197 ext. 251

Florida Institute of CPAs

cc: Daniel Hevia, Racquel McIntosh

Firm Number, 900004390114 Review Number, 571202

SECTION C

BOARD OF SUPERVISORS MEETING DATES OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT FISCAL YEAR 2022

The Board of Supervisors of the Osceola Chain of Lakes Community Development District will hold their regular meetings for Fiscal Year 2022 at 1:30 p.m., at the (LOCATION), on the first Wednesday of every other month, unless otherwise indicated, as follows:

January 5, 2022 March 2, 2022 May 4, 2022 July 6, 2022 September 7, 2022

The meetings are open to the public and will be conducted in accordance with the provision of Florida Law for Community Development Districts. The meetings may be continued to a date, time, and place to be specified on the record at the meeting. A copy of the agenda for these meetings may be obtained from the District Manager, Governmental Management Services – Central Florida, LLC, 219 E. Livingston Street, Orlando, FL 32801 or by calling (407) 841-5524.

There may be occasions when one or more Supervisors or staff will participate by speaker telephone. Pursuant to provisions of the Americans with Disabilities Act, any person requiring special accommodations at this meeting because of a disability or physical impairment should contact the District Office at (407) 841-5524 at least 48 hours prior to the meeting. If you are hearing or speech impaired, please contact the Florida Relay Service by dialing 7-1-1, or 1-800-955-8771 (TTY) / 1-800-955-8770 (Voice), for aid in contacting the District Office.

A person who decides to appeal any decision made at the meeting with respect to any matter considered at the meeting is advised that person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

George S. Flint District Manager Governmental Management Services – Central Florida, LLC

SECTION D

OSCEOLA CHAIN OF LAKES
COMMUNITY DEVELOPMENT DISTRICT
OSCEOLA COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA

TABLE OF CONTENTS

| | Page |
|--|-------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3-6 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 7 |
| Statement of Activities | 8 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 9 |
| Reconciliation of the Balance Sheet – Governmental Funds | |
| to the Statement of Net Position | 10 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – | |
| Governmental Funds | 11 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in | |
| Fund Balances of Governmental Funds to the Statement of Activities | 12 |
| Notes to the Financial Statements | 13-20 |
| | |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – | |
| Budget and Actual – General Fund | 21 |
| Notes to Required Supplementary Information | 22 |
| | |
| 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 | 23-24 |
| S VEL WINE IT NOSTING STANDO | 23-24 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS | |
| OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) | |
| OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA | 25 |
| · · · · · · · · · · · · · · · · · · · | 20 |
| MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES | |
| OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA | 26-28 |



951 Yamato Road • Suite 280 Boca Raton, Florida 33431 (561) 994-9299 • (800) 299-4728 Fax (561) 994-5823 www.graucpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors Osceola Chain of Lakes Community Development District Osceola County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Osceola Chain of Lakes Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Deptember 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Osceola Chain of Lakes Community Development District, Osceola County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a deficit net position balance of (\$802,273).
- The change in the District's total net position in comparison with the prior fiscal year was (\$1,383,844), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2020, the District's governmental funds reported combined ending fund balances of \$2,240,294, an increase of \$2,105,362 in comparison with the prior fiscal year. The total fund balance is restricted for debt service and capital projects, non-spendable for prepaid items, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the 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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the 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.

The government-wide financial statements include all governmental activities that are principally supported by Developer contributions and assessments. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

Fund Financial Statements

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported 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 outflow 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 District'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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service and capital projects funds. All funds are considered to be major funds.

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

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

NET POSITION SEPTEMBER 30,

| | 2020 | 2019 |
|-------------------------------------|-----------------|-----------|
| Current and other assets | \$ 2,277,200 \$ | 158,913 |
| Capital assets, net of depreciation | 5,262,046 | 2,653,991 |
| Total assets | 7,539,246 | 2,812,904 |
| Current liabilities | 179,435 | 70,908 |
| Long-term liabilities | 8,162,084 | 2,160,425 |
| Total liabilities | 8,341,519 | 2,231,333 |
| Net position | | |
| Net investment in capital assets | (1,095,062) | 493,567 |
| Restricted | 273,298 | 88,004 |
| Unrestricted | 19,491 | |
| Total net position | \$ (802,273) \$ | 581,571 |

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in 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 cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position decreased during the most recent fiscal year. The majority of the decrease represents the extent to which the cost of operations and depreciation expense exceeded ongoing program revenues.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30.

| | 2020 | 2019 |
|------------------------------------|-----------------|----------|
| Revenues: | - | |
| Program revenues | | |
| Charges for services | \$ 299,148 \$ | 147,106 |
| Operating grants and contributions | 15,847 | 106,483 |
| Capital grants and contributions | 10,217 | 4,523 |
| General revenues | · | |
| Interest income | 75 | |
| Total revenues | 325,287 | 258,112 |
| Expenses: | | |
| General government | 148,941 | 108,782 |
| Maintenance and operations | 112,011 | 77,941 |
| Infrastructure reimbursement | 910,823 | - |
| Interest | 267,009 | 116,601 |
| Bond issuance costs | 270,347 | · |
| Total expenses | 1,709,131 | 303,324 |
| Change in net position | (1,383,844) | (45,212) |
| Net position, beginning | 581,571 | 626,783 |
| Net position, ending | \$ (802,273) \$ | 581,571 |

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2020 was \$1,709,131. The costs of the District's activities were primarily funded by bond proceeds and program revenues. Program revenues, while comprised primarily of assessments for the current fiscal year, also reflect Developer contributions. The remainder of the current fiscal year revenue includes interest revenue. In total, expenses, including depreciation, increased from the prior fiscal year, the majority of the increase was the result of a reimbursement to the Developer for capital assets and bond issuance costs that was related to Series 2020 bond issuance in current fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the District had \$5,451,998 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$189,952 has been taken, which resulted in a net book value of \$5,262,046. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2020, the District had \$8,115,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District anticipates the continued construction of its infrastructure in subsequent fiscal years. In addition, it is anticipated that the general operations of the District will increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Osceola Chain of Lakes Community Development District's Manager at 313 Campus Street, Celebration, FL 34747.

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA STATEMENT OF NET POSITION SEPTEMBER 30, 2020

| ASSETS | Governmental Activities |
|---|--|
| Cash Due from Developer Prepaid expense Restricted assets: Investments Capital assets: Nondepreciable | \$ 105,760 1,936 5,251 2,164,253 1,750,983 |
| Depreciable, net Total assets LIABILITIES | 3,511,063 7,539,246 |
| Accounts payable Accrued interest payable Non-current liabilities: | 36,906 142,529 |
| Due within one year Due in more than one year Total liabilities | 145,000 8,017,084 8,341,519 |
| NET POSITION Net investment in capital assets Restricted for debt service Unrestricted Total net position | (1,095,062) 273,298 19,491 \$ (802,273) |

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | | | | | | | | | Re | (Expense) venue and nges in Net |
|--|----|--------------------|-----|---------------|--------|-------------|-------|------------|-----|---------------------------------------|
| | | | | F | rogra | am Revenue | es | | | Position |
| | | | (| Charges | 0 | perating | (| Capital | | |
| | | | | for | Gr | ants and | Gra | ants and | Gov | vernmental |
| Functions/Programs | | xpenses | | Services | Cor | ntributions | Con | tributions | | Activities |
| Primary government: Governmental activities: | | | | | | | | | | |
| General government | \$ | 140 044 | \$ | 140.047 | æ | 44.700 | • | | | 40.00= |
| Maintenance and operations | Φ | 148,941 112,011 | Ф | 148,017 | \$ | 14,789 | \$ | 40.047 | \$ | 13,865 |
| Infrastructure reimbursement | | 910,823 | | - | | - | | 10,217 | | (101,794) |
| Interest on long-term debt | | 267,009 | | 151 121 | | 1 050 | | - | | (910,823) |
| Bond issuance costs | | 270,347 | | 151,131 | | 1,058 | | - | | (114,820) |
| Total governmental activities | | 1,709,131 | | 299,148 | | 15 047 | | 40.047 | | (270,347) |
| Total governmental activities | | 1,703,131 | | 299, 140 | | 15,847 | | 10,217 | | (1,383,919) |
| | | | Ger | neral revenu | es: | | | | | |
| | | | | Unrestricted | | estment ear | ninas | | | 75 |
| | | | | Total gener | | | 9= | | | 75 |
| | | | Cha | ange in net p | ositio | on | | | | (1,383,844) |
| | | | Net | position - be | eginn | ing | | | | 581,571 |
| | | | Net | position - e | nding | i | | | \$ | (802,273) |

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2020

| | Major Funds | | | | | | Total | | | |
|---|-------------|---------|------|---------|---------|-----------|-------|-------------|--|-------|
| | | | Debt | | Capital | | G | overnmental | | |
| | | General | | General | | Service | | Projects | | Funds |
| ASSETS | | | | | | | | | | |
| Cash | \$ | 105,760 | \$ | - | \$ | - | \$ | 105,760 | | |
| Investments | | - | | 361,213 | | 1,803,040 | | 2,164,253 | | |
| Due from Developer | | - | | - | | 1,936 | | 1,936 | | |
| Due from other funds | | - | | 54,614 | | - | | 54,614 | | |
| Prepaid expenses | _ | 5,251 | | | | | | 5,251 | | |
| Total assets | \$ | 111,011 | \$ | 415,827 | \$ | 1,804,976 | \$ | 2,331,814 | | |
| LIABILITIES AND FUND BALANCES Liabilities: | | | | | | | | | | |
| Accounts payable | \$ | 36,906 | \$ | - | \$ | _ | \$ | 36,906 | | |
| Due to other funds | | 54,614 | | | | - | | 54,614 | | |
| Total liabilities | | 91,520 | | | | - | | 91,520 | | |
| Fund balances: Nonspendable: Prepaid expenses Restricted for: | | 5,251 | | - | | - | | 5,251 | | |
| Debt service | | _ | | 415,827 | | _ | | 415,827 | | |
| Capital projects | | - | | - | | 1,804,976 | | 1,804,976 | | |
| Unassigned | | 14,240 | | _ | | - | | 14,240 | | |
| Total fund balances | | 19,491 | | 415,827 | | 1,804,976 | | 2,240,294 | | |
| Total liabilities and fund balances | \$ | 111,011 | \$ | 415,827 | \$ | 1,804,976 | \$ | 2,331,814 | | |

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2020

| Fund balance - governmental funds | | \$ 2,240,294 |
|--|------------------------|---|
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole. Cost of capital assets Accumulated depreciation | 5,451,998 (189,952) | 5,262,046 |
| Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements. Accrued interest payable | (142,529) | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |

(47,084)

(8,304,613)

(802,273)

(8,115,000)

Unamortized original issuance discount/premium

Net position of governmental activities

Bonds payable

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | | | Total | | |
|--------------------------------------|---------------|---------------|--------------|----|-------------|
| | | Debt | Governmental | | |
| | General | Service | Projects | | Funds |
| REVENUES | | | | | |
| Assessments | \$ 148,017 | \$ 151,131 | \$ - | \$ | 299,148 |
| Developer contributions | 14,789 | - | 3,343 | | 18,132 |
| Interest | 75 | 1,058 | 6,874 | | 8,007 |
| Total revenues | 162,881 | 152,189 | 10,217 | | 325,287 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 143,390 | 3,587 | 1,964 | | 148,941 |
| Debt Service: | , | 0,001 | 1,001 | | 1-10,0-1 |
| Principal | _ | 35,000 | _ | | 35,000 |
| Interest | _ | 171,077 | _ | | 171,077 |
| Bond issuance costs | - | - | 270,347 | | 270,347 |
| Capital outlay | _ | _ | 3,630,889 | | 3,630,889 |
| Total expenditures | 143,390 | 209,664 | 3,903,200 | | 4,256,254 |
| Excess (deficiency) of revenues | | | | | |
| over (under) expenditures | 19,491 | (57,475) | (3,892,983) | | (3,930,967) |
| | | , , , | (, , , | | (-,,, |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in (out) | - | (7,196) | 7,196 | | _ |
| Bond proceeds | - | 342,312 | 5,637,688 | | 5,980,000 |
| Original issuance premium | _ | 3,255 | 53,074 | | 56,329 |
| Total other financing sources (uses) | - | 338,371 | 5,697,958 | | 6,036,329 |
| Net change in fund balances | 19,491 | 280,896 | 1,804,975 | | 2,105,362 |
| Š | , | , | .,, | | _, 100,002 |
| Fund balances - beginning | - | 134,931 | 1 | | 134,932 |
| Fund balances - ending | \$ 19,491 | \$ 415,827 | \$ 1,804,976 | \$ | 2,240,294 |

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Net change in fund balances - total governmental funds | \$ 2,105,362 |
|---|----------------|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position. | 2,720,066 |
| Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. | 35,000 |
| Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position. | (5,980,000) |
| Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. | (112,011) |
| In connection with the issuance of the Bonds, the original issue discount/premium is reported as a financing use/source when debt is first issued, whereas this amount is eliminated in the statement of activities and reduces/increases long-term liabilities in the statement of net position. | (56,329) |
| Amortization of Bond discounts/premiums is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. | , , |
| The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the governmental fund financial statements. | (95,602) |
| Change in net position of governmental activities | \$ (1,383,844) |

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND REPORTING ENTITY

The Hanover Lakes Community Developer District was created on October 2, 2017. by Ordinance No. 2017-78 of the Osceola County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

On November 13, 2017, pursuant to a request by the District, the Board of County Commissioners of Osceola County, Florida adopted Ordinance No. 2017-93 amending Ordinance No. 2017-78 to change the name of the Hanover Lakes Community Development District to the Osceola Chain of Lakes Community Development District ("District"). Ordinance No. 2017-93 was filed with the Florida Department of State and became effective on November 15, 2017.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District. The District is comprised of approximately 177.038 acres.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Board members are elected on an at large basis by the owners of property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2020, four of the five Board members were affiliated with Hanover Lakes, LLC (the "Developer").

The Board has the responsibility for:

- 1. Assessing and levying assessments.
- 2. Approving budgets.
- 3. Exercising control over facilities and properties.
- 4. Controlling the use of funds generated by the District.
- 5. Approving the hiring and firing of key personnel.
- 6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Assessments

Assessments are non-ad valorem assessments on benefitted lands within the District. Assessments are levied to pay for the operations and maintenance and debt service of the District. The fiscal year for which annual operations and maintenance assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraphs c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, any unspent proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------------|--------------|
| Stormwater Management System | 30 |

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

<u>Committed fund balance</u> – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearing(s) are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board, unless otherwise delegated by the Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2020:

| | _Am | ortized Cost | Credit Risk | Maturities | | |
|---|-----|------------------------|-------------|---|--|--|
| First American Government Obligation Fund Class Y Total Investments | \$ | 2,164,253 2,164,253 | S&P AAAm | Weighted average of the fund portfolio: 44 days | | |

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk - The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- Level 2: Investments whose inputs other than quoted market prices are observable either directly or indirectly; and,
- · Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2020 were as follows:

| Fund | Re | ceivable | Payable | | | |
|--------------|----|----------|---------|--------|--|--|
| General | \$ | - | \$ | 54,614 | | |
| Debt service | | 54,614 | | - | | |
| Total | \$ | 54,614 | \$ | 54,614 | | |

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the debt service fund relate to assessments collected in the general fund that have not yet been transferred to the debt service fund.

Interfund transfers for the fiscal year ended September 30, 2020 were as follows:

| Fund | Tra | nsfer in | Transfer out | | | |
|------------------|-----|----------|--------------|-------|--|--|
| Debt service | \$ | - | \$ | 7,196 | | |
| Capital projects | _ | 7,196 | | | | |
| Total | \$ | 7,196 | \$ | 7,196 | | |

Transfers are used to move revenues from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the District, transfers from the debt service fund to the capital projects fund were made in accordance with the Bond Indentures.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

| | | Beginning Balance | | Additions | | Reductions | Ending Balance | |
|--|----|----------------------|----|-----------|----|--------------|-------------------|-----------|
| Governmental activities | | | | | | | | |
| Capital assets, not being depreciated | | | | | | | | |
| Construction in progress | \$ | 393,693 | \$ | 2,720,066 | \$ | (1,362,776) | \$ | 1,750,983 |
| Total capital assets, not being depreciated | | 393,693 | | 2,720,066 | | (1,362,776) | | 1,750,983 |
| Capital assets, being depreciated | | | | | | | | |
| Stormwater Management System | | 2,338,239 | | 1,362,776 | | | | 3,701,015 |
| Total capital assets, being depreciated | _ | 2,338,239 | | 1,362,776 | | - | | 3,701,015 |
| Less accumulated depreciation for: | | | | | | | | |
| Stormwater Management System | | (77,941) | | (112,011) | | - | | (189,952) |
| Total accumulated depreciation | | (77,941) | | (112,011) | | - | | (189,952) |
| Total capital assets, being depreciated, net | _ | 2,260,298 | | 1,250,765 | | - | | 3,511,063 |
| Governmental activities capital assets | \$ | 2,653,991 | \$ | 3,970,831 | \$ | (1,362,776) | \$ | 5,262,046 |

The infrastructure estimated at approximately \$15,700,000 will include on-site public roadway improvements, water distribution and sanitary sewer collection systems and reuse water distribution, off-site public roadway improvement, master stormwater management system, landscaping, irrigation, hardscape, conservation mitigation areas, and electrical service system (underground). The majority of the improvements were acquired from the Developer. In the current year, the District reimbursed the Developer \$910,000 for capital assets previously contributed. The remaining portions of the project will be funded by Developer contributions. Certain improvements will be conveyed to other governmental entities upon completion of the project.

NOTE 7 - LONG-TERM LIABILITIES

Series 2018

On March 9, 2018, the District issued \$2,200,000 of Capital Improvements Revenue Bonds, Series 2018 due on May 1, 2048 with an interest rate that varies from 5.125% to 5.250%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2019 through May 1, 2048.

The Series 2018 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2020.

Series 2020

On January 31, 2020, the District issued \$5,980,000 of Capital Improvements Revenue Bonds, Series 2020 due on May 1, 2050 with an interest rate that varies from 3.250% to 4.000%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2021 through May 1, 2050.

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Series 2020 (Continued)

The Series 2020 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2020.

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2020 were as follows:

| | | Beginning Balance Addition | | | Dadwatiana | | | Ending | | Due Within | |
|----------------------------|----|----------------------------|----|-----------|------------|----------|----|-----------|----|------------|--|
| Governmental activities | _ | Багапсе | _ | Additions | Re | ductions | | Balance | C | ne Year | |
| Bonds payable: | | | | | | | | | | | |
| Series 2018 | • | 0.470.000 | • | | | | _ | | | | |
| | \$ | 2,170,000 | \$ | - | \$ | 35,000 | \$ | 2,135,000 | \$ | 35,000 | |
| Original issuance discount | | (9,575) | | - | | (330) | | (9,245) | | - | |
| Series 2020 | | - | | 5,980,000 | | - | | 5,980,000 | | 110,000 | |
| Original issuance premium | | | | 56,329 | | - | | 56,329 | | - | |
| Total | \$ | 2,160,425 | \$ | 6,036,329 | \$ | 34,670 | \$ | 8,162,084 | \$ | 145,000 | |

At September 30, 2020, the scheduled debt service requirements on the long-term debt were as follows:

| Year ending | Governmental Activities | | | | | | | | |
|---------------|-------------------------|-----------|----|-----------|-------|------------|--|--|--|
| September 30: | | Principal | | Interest | Total | | | | |
| 2021 | \$ | 145,000 | \$ | 342,069 | | 487,069 | | | |
| 2022 | | 150,000 | | 336,700 | | 486,700 | | | |
| 2023 | | 160,000 | | 331,105 | | 491,105 | | | |
| 2024 | | 165,000 | | 325,219 | | 490,219 | | | |
| 2025 | | 170,000 | | 319,042 | | 489,042 | | | |
| 2026-2030 | | 945,000 | | 1,492,478 | | 2,437,478 | | | |
| 2031-2035 | | 1,170,000 | | 1,281,839 | | 2,451,839 | | | |
| 2036-2040 | | 1,460,000 | | 1,005,263 | | 2,465,263 | | | |
| 2041-2045 | | 1,805,000 | | 657,859 | | 2,462,859 | | | |
| 2046-2050 | | 1,945,000 | | 234,763 | | 2,179,763 | | | |
| Total | \$ | 8,115,000 | \$ | 6,326,337 | \$ | 14,441,337 | | | |

NOTE 8 - DEVELOPER TRANSACTIONS AND CONCENTRATION

Amounts earned in the current year from the Developer in the general fund were \$14,789. In the current fiscal year, Developer also funding \$3,343 for the capital project expenses.

NOTE 9 - MANAGEMENT COMPANY

The District has contracted with a management company to perform services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims since inception of the District.

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| REVENUES | A | udgeted mounts nal & Final | | Actual mounts | Fina F | ance with Il Budget - Positive legative) |
|---|-----|----------------------------------|----|------------------|-----------|---|
| Assessments | \$ | 148,000 | \$ | 148,017 | \$ | 17 |
| Developer contributions | Ψ | 140,000 | Ψ | 14,789 | φ | |
| Interest | | _ | | 75 | | 14,789 |
| Total revenues | | 148,000 | _ | 162,881 | | 75 14,881 |
| | - | , | | 102,001 | | 11,001 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | 108,200 | | 143,390 | | (35,190) |
| Maintenance and operations | | 39,800 | | | | 39,800 |
| Total expenditures | | 148,000 | | 143,390 | | 4,610 |
| Excess (deficiency) of revenues over (under) expenditures | _\$ | | | 19,491 | \$ | 19,491 |
| Fund balance - beginning | | a | | | | |
| Fund balance - ending | |). | \$ | 19,491 | | |

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT OSCEOLA COUNTY, FLORIDA NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.



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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
Osceola Chain of Lakes Community Development District
Osceola County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Osceola Chain of Lakes Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended District's basic financial statements, and have issued our opinion thereon dated September 27, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

We noted certain matters that we reported to management of the District in a separate letter dated September 27, 2021.

The District's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the District's responses and, accordingly, we express no opinion on them.

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.

September 27, 2021

De war & association



951 Yamato Road • Suite 280 Boca Raton, Florida 33431 (561) 994-9299 • (800) 299-4728 Fax (561) 994-5823 www.graucpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Supervisors Osceola Chain of Lakes Community Development District Osceola County, Florida

We have examined Osceola Chain of Lakes Community Development District, Osceola County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020.

This report 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, management, and the Board of Supervisors of Osceola Chain of Lakes Community Development District, Osceola County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

September 27, 2021

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MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Board of Supervisors Osceola Chain of Lakes Community Development District Osceola County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Osceola Chain of Lakes Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated September 27, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 27, 2021, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.
- II. Status of prior year findings and recommendations.
- III. Compliance with the Provisions of the Auditor General of the State of Florida.

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

We wish to thank Osceola Chain of Lakes Community Development District, Osceola County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

September 27, 2021

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REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2020-01 QPD Filing:

Observation: Florida Statues require that filing of the Public Depositor Annual Report to the Chief Financial Officer by November 30. The report for the fiscal year ended September 30, 2020 was not filed with the Department of Financial Services by November 30, 2020.

Recommendation: We recommend that the District take the necessary steps to comply with the Florida Statues and file the report within the statutory time frames.

Management Response: All management services, including accounting, are being transitioned as of October 1, 2021, to Governmental Management Services, who will comply with the statutory deadlines.

2020-02 Late Filing of Audit and Annual Financial Report:

Observation: Pursuant to FL Statute 218.32 and 218.39, the annual financial report and annual financial audit report are to be filed by June 30th each year. The District missed the deadline for the reports for fiscal year ended September 30, 2020 which were due on June 30, 2021.

<u>Recommendation</u>: We recommend that the District take the necessary steps to comply with the Florida Statues and file the reports within the statutory time frames.

Management Response: All management services, including accounting, are being transitioned as of October 1, 2021, to Governmental Management Services, who will comply with the statutory deadlines.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2019-01 Journal Entries and Fund Balance correction

Current Status: Recommendation has been implemented.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2019, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2020, except as noted above.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2020.

REPORT TO MANAGEMENT (Continued)

- 4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
- 5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
- 6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2020. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

SECTION V

SECTION A

SECTION 1

Hopping Green & Sams

Attorneys and Counselors

MEMORANDUM

To: District Manager

From: Hopping Green & Sams P.A.

RE: Wastewater and Stormwater Needs Analysis

During the 2021 legislative session sections 403.9301 and 403.9302, Florida Statutes, were enacted requiring local governments to perform a 20-year needs analysis of certain wastewater and stormwater services or systems. Subject special districts are required to complete this analysis by June 30, 2022, and every five years thereafter. This memorandum answers basic questions regarding these new statutory provisions and requests that District Managers seek authorization for staff to solicit proposals to complete the required study as appropriate. We expect the services necessary to complete the required analysis to be exempt from competitive solicitation requirements as a planning or study activity below the statutory threshold of \$35,000. §§ 287.055, 287.017, Fla. Stat. Thus, as deemed appropriate and in the best interests of the subject district, districts may elect to utilize the services of existing engineering or other professionals currently under contract or may seek additional proposals for completion of the required needs analysis.

Which special districts are required to complete a needs analysis under section 403.9301 and 403.9302, Florida Statutes?

Special districts providing "wastewater services" or a "stormwater management program or stormwater management system" must complete a needs analysis. 1

What constitutes "wastewater services"?

Wastewater services means providing service to pipelines or conduits, pumping stations, and force mains and associated facilities used for collecting or conducting wastes to an ultimate point for treatment or disposal or to a plant or other works used for the purpose of treating, stabilizing, or holding wastewater principally from dwellings, business buildings, institutions, and sanitary wastewater or sewage treatment plants.

¹ Counties, municipalities, and special districts located in a "rural area of opportunity" may be exempt from the requirements of sections 403.9301 and 403.9302, Florida Statutes, if compliance would create an undue economic hardship. This includes:

Northwest Rural Area of Opportunity: Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and the area within the city limits of Freeport and Walton County north of the Choctawhatchee Bay and intercoastal waterway.

South Central Rural Area of Opportunity: DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee counties, and the cities of Pahokee, Belle Glade, and South Bay (Palm Beach County), and Immokalee (Collier County).

[•] North Central Rural Area of Opportunity: Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties.

What constitutes "stormwater management program or stormwater management system"?

"Stormwater management program" means an institutional strategy for stormwater management, including urban, agricultural, and other stormwater. "Stormwater Management System" means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use, or reuse water to prevent or reduce flooding, overdrainage, environmental degradation and water pollution or otherwise affect the quantity and quality of discharges from the system.

What must the needs analysis for these services or systems include?

- A detailed description of associated facilities:
- The number of current and projected residents served calculated in 5-year increments;
- The current and projected service area;
- The current and projected cost of providing services calculated in 5-year increments;
- The estimated remaining useful life of each facility or its major components;
- The most recent 5-year history of annual contributions to, expenditures from, and balances of any capital account for maintenance or expansion of any facility or its major components;
- The district's plan to fund the maintenance or expansion of any facility or its major components. The plan must include historical and estimated future revenues and expenditures with an evaluation of how the district expects to close any projected funding gap.
- The Office of Economic and Demographic Research has <u>templates and other resources</u> and <u>guidance</u> under development on its website to assist in completion of this required anslysis.

When must the needs analysis required be complete?

The 20-year needs analysis must be completed by June 30, 2022.

What happens to the needs analysis once it is complete?

The complete needs analysis and associated methodology and supporting data must be submitted to the county within which the largest portion of the subject district facilities are located. Each county must them compile all analyses submitted to it (from special districts, municipalities, and the county itself) into a single document that must be filed with the Department of Environmental Protection and Office of Economic and Demographic Research by July 31, 2022 and every five years thereafter. The Office of Economic and Demographic research is required to evaluate the compiled documents for purposes of developing a statewide analysis that will include an analysis of the expenditures necessary to repair, replace, and expand water-related infrastructure.

SECTION C

SECTION 1

Osceola Chain of Lakes Community Development District

Check Run Summary

October 1, 2021 thru October 27, 2021

| Fund | Date | Check No.'s | Amount |
|--------------|----------|-------------|---------------------|
| C1 | 10/20/21 | 1 | #100 101 <i>(</i> 2 |
| General Fund | 10/20/21 | 1 | \$188,101.63 |
| | 10/27/21 | 2 - 5 | \$40,321.99 |
| | | , | #200 400 CO |
| | | | \$228,423.62 |

| YEAR-TO-DATE ACCOUNTS PAYABLE PREPAID/COMPUTER CHECK REGISTER RUN 10/27/21 021 *** |
|---|
| YEAR-TO-DATE ACCOUNTS PAYABLE PREPAID/COMPUTER CHECK REGISTER 121 *** |
| YEAR-TO- |
| . OBCK DATES 10/01/2021 - 10/27/20 |

| PAGE 1 | AMOUNT # | | | 188,101.63 000001 | 1 1 1 1 1 1 | 175 | | | | | | | 3,846.45 000003 | i i i i i | | | | | | | | | | |
|---|---|---|------------|---------------------|-------------------------------|--|---|--|--|-----------------------------------|----------|--|--|---|----------|---|---|---|---|--|---|---|----------|--|
| RUN 10/27/21 | AMOUNT | 69,007.43 | 119,094.20 | | 175.00 | | 3,333,33 | 20.00 | 75.00 | 291.67 | 15.00 | 81.45 | | 17.99 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 131.88 |
| COMPUTER CHECK REGISTER ERAL | STATUS | * | * | C/O US BANK | | ORTUNITY | • i i * i i i i i i i i i i i i i i i i | * | * | * | + | * | SERVICES-CF | ' t | ŧ | * | * | * | * | * | * | * | * | * |
| AP300R *** CHECK DATES 10/01/2021 - 10/27/2021 *** BANK A GENERAL FUND | CHECK VEND#INVOICEEXPENSED TO DATE DATE INVOICE YRMO DPT ACCT# SUB SUBCLASS | 10/20/21 00015 10/20/21 10202021 202110 300-20700-10000 | 10/20/21 | EOLA CHAIN OF LAKES | 10/27/21 00002 10/01/21 85464 | SFECIAL PISINICI FEE FIZZ DEPARTMENT OF ECONOMIC | 10/27/21 00001 10/01/21 33330334000 10/01/21 33333333343434 | 10/01/21 tabector 20110 1010-35200 tabector 20110 1010-35200 | 10/01/21 WEBSILE ADMIN OCIZI 10/01/21 Taxacommin Oci 20 00 00 00 00 00 00 00 00 00 00 00 00 | 10/01/21 1 202110 310-51300-31300 | ⊢ | OFFICE SUPPLIES 10/01/21 1 202110 310-51300-42500 | COPIES GOVERNMENTAL MANAGEMENT SERVICES-CF | 10/27/21 00007 11/01/19 11838300 202009 310-51300-35200 | | 9/22/21 FY2021 Q 202103 310-51300-34000 | 9/22/21 FY2021 Q 202103 310-51300-34000 | 9/22/21 FY2021 Q 202106 310-51300-34000 | 9/22/21 FY2021 Q 202106 310-51300-34000 | MANAGEMENT FEES - MAY21 9/22/21 FY2021 Q 202106 310-51300-34000 | 9/22/21 FY2021 Q 202109 310-51300-34000 | 9/22/21 FY2021 Q 202109 310-51300-34000 | 310 | MANAGEMENT FEES - SEF21 10/21/21 10212021 202109 310-51300-35200 FY21 WEBSITE HOSTING FEES |

OSCE OSCEOLA CHAIN MBYINGTON

| | 228,423.62 | TOTAL FOR REGISTER |
|----------------------------|---------------|---|
| | 228,423.62 | TOTAL FOR BANK A |
| 132.68 000005 | 1 1 1 1 1 1 | NOT PUB HEARING 7/15-22 OSCEOLA NEWS-GAZETTE |
| 1 1 1 1 1 1 | 132.68 | 10/27/21 00016 7/31/21 315362 202107 310-51300-48000 ** |
| | | ir management grou |
| | 17.99 | 10/21/21 10212021 202109 310-51300-35200 * |
| AMOUNT # | AMOUNT | CHECK VEND#INVOICEEXPENSED TO VENDOR NAME STATUS DATE INVOICE YRMO DPT ACCT# SUB SUBCLASS |
| PAGE 2 | RUN 10/27/21 | AP300R *** CHECK DATES 10/01/2021 - 10/27/2021 *** |
| | RIIN 10/27/21 | |

SECTION 2

Osceola Chain of Lakes Community Development District **Unaudited Financial Reporting** September 30, 2021



Table of Contents

| Balance Shee | 1 |
|-----------------------------------|----------|
| | |
| General Fund | 2 |
| | |
| Series 2018 Debt Service Fund | 3 |
| | |
| Series 2020 Debt Service Fund | 4 |
| | |
| Series 2018 Capital Projects Fund | 5 |
| | |
| Series 2020 Capital Projects Fund | 6 |
| | _ |
| Month to Montl | 7 |
| Lana Tanna Dalat Danasa | 0 |
| Long Term Debt Repor | 8 |
| Assessment Receipt Schedule | 9 |
| | <u> </u> |

Community Development District

Combined Balance Sheet

September 30, 2021

| | THE | General Fund | D | ebt Service Fund | Сар | ital Projects Fund | Cou | Totals ernmental Funds |
|-------------------------------------|-------|-----------------|----|---------------------|-----|-----------------------|-----|---------------------------|
| | 31116 | runa | | runa | | runa | GOV | ernmentai Funas |
| Assets: | | | | | | | | |
| Cash: | | | | | | | | |
| Operating Account - GMS | \$ | 1,000 | \$ | - | \$ | - | \$ | 1,000 |
| Operating Account - Moyer | \$ | 265,497 | \$ | - | \$ | - | \$ | 265,497 |
| Series 2018 | | | | | | | | |
| Reserve | \$ | - | \$ | 73,553 | \$ | - | \$ | 73,553 |
| Revenue | \$ | - | \$ | 2 | \$ | - | \$ | 2 |
| Construction | \$ | - | \$ | - | \$ | 634 | \$ | 634 |
| Series 2020 | | | | | | | | |
| Reserve | \$ | - | \$ | 171,502 | \$ | - | \$ | 171,502 |
| Construction | \$ | - | \$ | - | \$ | 8 | \$ | 8 |
| Prepaid Expenses | \$ | 5,435 | \$ | - | \$ | - | \$ | 5,435 |
| Due from Capital | \$ | 5,548 | \$ | - | \$ | - | \$ | 5,548 |
| Due from Other | \$ | 1,665 | \$ | - | \$ | - | \$ | 1,665 |
| Due from General Fund | \$ | - | \$ | 188,102 | \$ | _ | \$ | 188,102 |
| Due from Developer | \$ | - | \$ | ÷ | \$ | 8,892 | \$ | 8,892 |
| Total Assets | \$ | 279,145 | \$ | 433,159 | \$ | 9,535 | \$ | 721,838 |
| | | | | | | • | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ | 38,020 | \$ | - | \$ | - | \$ | 38,020 |
| Due to Developer | \$ | - | \$ | - | \$ | 1,408 | \$ | 1,408 |
| Due to General Fund | \$ | - | \$ | - | \$ | 5,548 | \$ | 5,548 |
| Due to Debt Service | \$ | 188,102 | \$ | - | \$ | - | \$ | 188,102 |
| Total Liabilities | \$ | 226,122 | \$ | - | \$ | 6,956 | \$ | 233,078 |
| Fund Balances: | | | | | | | | |
| Unassigned | \$ | 47,588 | \$ | - | \$ | _ | \$ | 47,588 |
| Assigned | \$ | 5,435 | \$ | _ | \$ | _ | \$ | 5,435 |
| Assigned for Debt Service S2018 | \$ | - | \$ | 142,562 | \$ | _ | \$ | 142,562 |
| Assigned for Debt Service S2020 | \$ | - | \$ | 290,596 | \$ | - | \$ | 290,596 |
| Assigned for Capital Projects S2018 | \$ | - | \$ | • | \$ | (774) | \$ | (774) |
| Assigned for Capital Projects S2020 | \$ | - | \$ | - | \$ | 3,352 | \$ | 3,352 |
| Total Fund Balances | \$ | 53,023 | \$ | 433,159 | \$ | 2,579 | \$ | 488,760 |
| | \$ | | | 433,159 | | | | |

Community Development District

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance For The Period Ending September 30, 2021

| | | Adopted | P | rorated Budget | | Actual | |
|---|-----------|---------|----|----------------|----|--------------|----------------|
| | | Budget | Ť | hru 09/30/21 | T | hru 09/30/21 | Variance |
| Revenues | | | | | | | |
| Assessments | \$ | 131,561 | \$ | 131,561 | \$ | 129,347 | \$ (2,215) |
| Assessments - Direct | \$ | 41,448 | \$ | 41,448 | \$ | 41,448 | \$ (2,215) |
| Miscellaneous Revenue | \$ | 11,110 | \$ | 11,110 | \$ | 1,534 | \$ 1,534 |
| Interest | \$ | 100 | \$ | 100 | \$ | 1,554 | \$ (100) |
| | | | | | _ | | (100) |
| Total Revenues | \$ | 173,109 | \$ | 173,109 | \$ | 172,328 | \$ (781) |
| Expenditures: | | | | | | | |
| General & Administrative: | | | | | | | |
| Supervisor Fees | :\$ | 1,600 | \$ | 1,600 | \$ | 280 | \$ 1,600 |
| FICA Expense | \$ | 122 | \$ | 122 | \$ | | \$ 122 |
| Engineering | \$ | 8,000 | \$ | 8,000 | \$ | 1,763 | \$ 6,238 |
| Attorney | \$ | 20,000 | \$ | 20,000 | \$ | 6,030 | \$ 13,970 |
| Annual Audit | \$ | 3,800 | \$ | 3,800 | \$ | 4,000 | \$ (200) |
| Dissemination | \$ | 1,000 | \$ | 1,000 | \$ | - | \$ 1,000 |
| Trustee Fees | \$ | 4,700 | \$ | 4,700 | \$ | 7,758 | \$ (3,058) |
| Management Fees | \$ | 48,000 | \$ | 48,000 | \$ | 48,000 | \$ |
| Website Maintenance | \$ | 3,100 | \$ | 3,100 | \$ | - | \$ 3,100 |
| Telephone | \$ | 75 | \$ | 75 | \$ | - | \$ 75 |
| Postage & Delivery | \$ | 75 | \$ | 75 | \$ | - | \$ 75 |
| Printing & Binding | \$ | 75 | \$ | 75 | \$ | - | \$ 75 |
| Insurance | \$ | 5,000 | \$ | 5,000 | \$ | 5,251 | \$ (251) |
| Legal Advertising | \$ | 2,200 | \$ | 2,200 | \$ | 948 | \$ 1,252 |
| Other Current Charges | \$ | 75 | \$ | 75 | \$ | - | \$ 75 |
| Contingency | \$ | 300 | \$ | 300 | \$ | 455 | \$ (155) |
| Property Appraiser | \$ | 1,370 | \$ | 1,370 | \$ | 127 | \$ 1,244 |
| Tax Collector | \$ | 1,370 | \$ | 1,370 | \$ | - | \$ 1,370 |
| Office Supplies | \$ | 75 | \$ | 75 | \$ | • | \$ 75 |
| Travel Per Diem | \$ | 75 | \$ | 75 | \$ | - | \$ 75 |
| Dues, Licenses & Subscriptions | \$ | 175 | \$ | 175 | \$ | 175 | \$ - |
| Capital Outlay | \$ | 200 | \$ | 200 | \$ | | \$ 200 |
| Total General & Administrative: | \$ | 101,388 | \$ | 99,788 | \$ | 74,506 | \$ 25,283 |
| Operations and Maintenance Expenses | | | | | | | |
| Field Expenses | | | | | | | |
| Pond Bank Mowing | \$ | 43,361 | \$ | 43,361 | \$ | 39,033 | \$ 4,329 |
| Littoral Zone Maintenance | \$ | 11,964 | \$ | 11,964 | \$ | 11,964 | \$ - |
| General Field and Landscape Expenses | \$ | 16,395 | \$ | 16,395 | \$ | 1,560 | \$ 14,835 |
| Total Operations and Maintenance Expenses | - \$ | 71,721 | \$ | 71,721 | \$ | 52,557 | \$ 19,164 |
| Total Expenditures | \$ | 173,109 | \$ | 171,509 | \$ | 127,062 | \$ 44,447 |
| Other Financing Sources / (Uses) | | | | | | | |
| Transfer In/(Out) | \$ | | \$ | 020 | \$ | (11,734) | \$ (11,734) |
| Total Other Financing Sources/(Uses) | \$ | | \$ | | \$ | (11,734) | (11,734) |
| Excess Revenues (Expenditures) | \$ | 0 | | | \$ | 33,532 | (22),31) |
| Fund Balance - Beginning | \$ | | | | \$ | 19,491 | |
| | | | | | | | |
| Fund Balance - Ending | <u>\$</u> | 0 | | | \$ | 53,023 | |

Community Development District

Debt Service Fund Series 2018

Statement of Revenues, Expenditures, and Changes in Fund Balance

| | Adopted | | rorated Budget | Т | Actual hru 09/30/21 | H | Variance |
|--------------------------------------|---------------|-----|----------------|----|------------------------|----|----------|
| Revenues | | | | | | | |
| Assessments | \$ 151,027 | \$ | 151,027 | \$ | 148,485 | \$ | (2,542) |
| Interest | \$ 1,119 | \$ | 1,119 | \$ | 5 | \$ | (1,114) |
| Total Revenues | \$ 152,146 | \$ | 152,146 | \$ | 148,490 | \$ | (3,656) |
| Expenditures: | | | | | | | |
| Interest Expense - 11/1 | \$ 55,416 | \$ | 55,416 | \$ | 55,416 | \$ | |
| Principal Expense - 5/1 | \$ 35,000 | \$ | 35,000 | \$ | 35,000 | \$ | - |
| Interest Expense - 5/1 | \$ 55,416 | \$ | 55,416 | \$ | 55,416 | \$ | - |
| Other Debt Service Expense | \$ 3,146 | \$ | 3,146 | \$ | - | \$ | 3,146 |
| Total Expenditures | \$ 148,978 | \$ | 148,978 | \$ | 145,831 | \$ | 3,146 |
| Other Sources/(Uses) | | | | | | | |
| Transfer In/(Out) | \$ = | \$ | | \$ | 11,734 | \$ | 11,734 |
| Total Other Financing Sources (Uses) | \$ | \$ | | \$ | 11,734 | \$ | 11,734 |
| Excess Revenues (Expenditures) | \$ 3,168 | 34 | | \$ | 14,393 | | |
| Fund Balance - Beginning | \$ 73,555 | 183 | | \$ | 128,170 | | |
| Fund Balance - Ending | \$ 76,724 | | | \$ | 142,562 | | |

Community Development District

Debt Service Fund Series 2020

Statement of Revenues, Expenditures, and Changes in Fund Balance

| | Adopted Budget | rorated Budget hru 09/30/21 | T | Actual hru 09/30/21 | The | Variance |
|--------------------------------|-------------------|--------------------------------|----|------------------------|-----|----------|
| Revenues | | | | | | |
| Assessments | \$ 125,989 | \$ 125,989 | \$ | 123,868 | \$ | (2,121) |
| Assessments - Direct | \$ 220,295 | \$ 220,295 | \$ | 220,295 | \$ | (0) |
| Interest | \$ 1,600 | \$ 1,600 | \$ | 12 | \$ | (1,588) |
| Total Revenues | \$ 347,884 | \$ 347,884 | \$ | 344,175 | \$ | (3,709) |
| Expenditures: | | | | | | |
| Interest Expense - 11/1 | \$ 115,619 | \$ 115,619 | \$ | 115,619 | \$ | - |
| Principal Expense - 5/1 | \$ 110,000 | \$ 110,000 | \$ | 110,000 | \$ | - |
| Interest Expense - 5/1 | \$ 115,619 | \$ 115,619 | \$ | 115,619 | \$ | - |
| Other Debt Service Expense | \$ 2,611 | \$ 2,611 | \$ | (2) | \$ | 2,611 |
| Total Expenditures | \$ 343,848 | \$ 343,848 | \$ | 341,238 | \$ | 2,611 |
| Excess Revenues (Expenditures) | \$ 4,036 | | \$ | 2,937 | | |
| Fund Balance - Beginning | \$ 287,659 | | \$ | 287,659 | | ==+176 |
| Fund Balance - Ending | \$ 291,695 | | \$ | 290,596 | | |

Community Development District

Capital Projects Fund Series 2018

Statement of Revenues, Expenditures, and Changes in Fund Balance

| | | Adopted Budget | | ed Budget 19/30/21 | 7 | Actual hru 09/30/21 | Variance |
|--------------------------------|------|-------------------|---|-----------------------|----|------------------------|---------------|
| Revenues | | | | | | | |
| Interest | \$ | | - | \$ - | \$ | - | \$ - |
| Total Revenues | s | | • | \$ | \$ | <u>Emmy in</u> | \$ |
| Expenditures: | | | | | | | |
| Capital Outlay | \$ | | - | \$ - | \$ | - | \$ - |
| Total Expenditures | S | 14721 | • | \$ • | \$ | | \$ |
| Excess Revenues (Expenditures) | \$ | | ŧ | | \$ | The last | |
| Fund Balance - Beginning | - \$ | | | | \$ | (774) | yax legisin B |
| Fund Balance - Ending | \$ | | | | \$ | (774) | |

Community Development District

Capital Projects Fund Series 2020

Statement of Revenues, Expenditures, and Changes in Fund Balance

| | - | Adopted Budget | | _ | orated Budget hru 09/30/21 | 7 | Actual hru 09/30/21 | | Variance |
|--------------------------------|----|-------------------|-----|----|-------------------------------|----|------------------------|----|-------------|
| Revenues | | | | | | | | | |
| Developer Contributions | \$ | | - | \$ | - | \$ | 5,548 | \$ | 5,548 |
| Interest | \$ | | - | \$ | - | \$ | 64 | \$ | 64 |
| Total Revenues | S | u fini | 100 | \$ | - J. W 3 | \$ | 5,612 | \$ | 5,612 |
| Expenditures: | | | | | | | | | |
| Capital Outlay | \$ | | - | \$ | - | \$ | 1,808,009 | \$ | (1,808,009) |
| Total Expenditures | \$ | | ٠ | \$ | | \$ | 1,808,009 | \$ | (1,808,009) |
| Excess Revenues (Expenditures) | \$ | | 21 | | | \$ | (1,802,397) | Ü | |
| Fund Balance - Beginning | \$ | | | 15 | | \$ | 1,805,750 | | |
| Fund Balance - Ending | \$ | | 14 | | | \$ | 3,352 | | |

Osceola Chain of Lakes
Community Development District
Month to Month

| | | | | | | Month to Month | onth | | | | | | | |
|---|---------------|---------------------|-----------------|-----------------|---------------|----------------|--------------------|--------------------|-----------------|---------------|-------------|------------|-------------|----------|
| | | 000 | Nav | Dec | Til. | Reb | Mar | Apr | May | 咖 | Tel. | Aug | Sep | Total |
| Revenues | | | | | | | | | | | | | | |
| Assessments | 40 | 1 | 4.370 \$ | 92.771 \$ | 30,106 \$ | 1 | 700 \$ | 492 \$ | 49 (f) | \$ 206 | +9 | 1 | 69 | 129.347 |
| Assessments - Direct | 44 | 1 | 45 | * | 49 | ** | | 41,448 \$ | • | | 1 | 1 | | 41,448 |
| Miscellaneous Revenue | 49 | 1,534 \$ | 69 | 6 ∳ | 1 | 49 | | 69 | 47 | ₩? | | 1 | 1 | 1,534 |
| Interest | 49 | 14]£ | 6 9. | 1 | | 65 1 | 69 | | 1 | 69 | 69? ! | | 1 | 134 |
| Total Revenues | ~ | 1,534 \$ | 4,370 \$ | 92,771 \$ | 30,106 \$ | \$ | \$ 002 | 41,940 \$ | \$. | \$ 406 | \$. | . \$ | \$. | 172,328 |
| Expenditures: | | | | | | | | | | | | | | |
| General & Administrative: | | | | | | | | | | | | | | |
| Supervisor Fees | 49 | * | 49 1 | * | 49 | • | 1 | € 9 | • | 1 | 49 | 69 | ** | • |
| FICA Expense | 49 | • | 1 | 69 | | ده | 1 | 69 | 1 | • | 1 | 1 | 49 | \$ |
| Engineering | 49 | • | • | * | 49 | 940 \$ | 823 \$ | 49 | • 1 | * | • • | 50 | • | 1,763 |
| Attorney | 69 4 | 283 | 1,069 \$ | | 316 \$ | 428 \$ | 1,160 \$ | \$ 064 | 10,10 | 217 \$ | 415 \$ | 479 \$ | 1 0 | 6,030 |
| Annual Audit Discomination | A 4 | | | , i | e e | | | n • | A 4 | | e nac'r | \$ 000'T | * OUC,1 | 4,000 |
| Territor | 9 4 | 9 4/ | | 9 44 | | | | 4041 6 | 2717 \$ | | | 2 9 | 9 4 | 7 750 |
| Management Ress | 9 69 | 4.000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 4,000 \$ | 48,000 |
| Website Maintenance | 49 | 45 | 1 | 49 | 45 | 1 | 1 | \$ 5 | 69 | | 1 | 4 | 47 | • |
| Telephone | 149 | 49 | 1 | 49 | • | 40 | • | 5-9 1 | • | • | 1 | 1 | 1 | 111 |
| Postage & Delivery | 69 | 1 | 1 | 69 | • | | 67 1 | 1 | • | • | 1 | 1 | , | * |
| Printing & Binding | 69 | 1 | 652 1 | 69 | ₩? ' | 49 | • | 69 | • | 69 | 1 | 1 | , | • |
| Insurance | 49 | 5,251 \$ | * | €9 | 49 | 45 | • | €7 1 | ⇔ | 1 | 49 | 69. 1 | 1 | 5,251 |
| Legal Advertising | 69 | 40 | 815 \$ | 69 | 60 | 1 | 69 | • | • | | 133 \$ | • | | 948 |
| Other Current Charges | €9 + | • | 69 1 | 1 | •9 (| 1 | | ÷9 1 | 69 (| 1 | 46 (| 1 | | ' ! |
| Contingency | 69 6 | وي و و | 1 | 1 | 1 | , , | | 3008 | v a 4 | 69 6 | | 1 | 69 G | 455 |
| Property Appraiser | A 4 | • | A 4 | 9_4 | 9 4 | ¢ /7T | | | 6 6 | A 6 | | | | /71 |
| Tax Collector | A + | A 4 | | | A W | n w | e 4 | e • | | n w | | | | • |
| Once suppries | 9 6 | | | | |) w | | | | > ⊌ | | | | • |
| Dues, Licenses & Subscriptions | n •4 | 175 \$ | 9 49 | 9 62 | 9 69 | 9 69 | | 9 69 | 9 69 | ÷ 69 | | 9 69 | | 175 |
| Capital Outlay | 49 | 69 | 1 | 1 | 1 | 49 | | 69 | 1 | 49 | 1 | 1 | | ' |
| Total General & Administrative: | s | 10,074 \$ | 5,884 \$ | 4,000 \$ | 4,316 \$ | 5,494 \$ | \$ 286'5 | 9,220 \$ | 8,292 \$ | 4,217 \$ | 6,047 \$ | 5,479 \$ | \$ 005'5 | 74,596 |
| Operations and Maintenance Expenses | | | | | | | | | | | | | | |
| Field Expenses | | | | | | | | | | | | | | |
| Pond Bank Mowing | 49 | 3,197 \$ | 3,197 \$ | 3,197 \$ | 3,197 \$ | 3,293 \$ | 3,197 \$ | 3,293 \$ | 3,293 \$ | 3,293 \$ | 3,293 \$ | 3,293 \$ | 3,293 \$ | 39,033 |
| Littoral Zone Maintenance | 40 | \$ 266 | \$ 266 | \$ 266 | \$ 266 | \$ 266 | | | \$ 266 | | | | \$ 266 | 11,964 |
| General Field and Landscape Expenses | 44 | €9 | • | • | 1 | 69 | 6 2 | 69: | • | \$ | 49 | 99 | 1,560 \$ | 1,560 |
| Total Operations and Maintenance Expenses | 5 | 4,194 \$ | 4,194 \$ | 4,194 \$ | 4,194 \$ | 4,290 \$ | 4,194 \$ | 4,290 \$ | 4,290 \$ | 4,290 \$ | 4,290 \$ | 4,290 \$ | \$ 058'5 | 52,557 |
| : | | | - 1 | | | | | - 11 | | | - 11 | | | |
| Total Expenditures | 40 | 14,268 \$ | 10,078 \$ | 8,194 \$ | 8,509 \$ | 9,784 \$ | 10,176 \$ | 13,510 \$ | 12,582 \$ | 8,507 \$ | 10,337 \$ | \$ 692'6 | 11,350 \$ | 127,062 |
| Other Financing Sources ([[Ises]] | | | | | | | | | | | | | | |
| Transfer in/(Out) | 40 | (11,734) \$ | 1/9 | 49 | 10 | 10 | , es | 1 | 69 | • | 1 | 1 | | (11,734) |
| Total Other Financing Sources (Uses) | 45 | (11,734) \$ | \$. | 30 . | \$. | \$ 17 | \$ 1 | \$. | \$: | 50 | \$ - | \$ - | \$: | (11,734) |
| | | | | | - 1 | | | | | | | | | |
| Excess Revenues (Expenditures) | €0 | (24,469) \$ | (5,708) \$ | 84,577 \$ | 21,597 \$ | (9,784) | (9.475) | 28,430 \$ | (12,582) s | (7,599) \$ | (10,337) \$ | \$ (692.6) | (11,350) \$ | 33,532 |

Community Development District

Long Term Debt Report

SERIES 2018, CAPITAL IMPROVEMENT BONDS

INTEREST RATE: 5.125%, 5.250% MATURITY DATE: 5/1/2048

RESERVE FUND DEFINITION 50% MAXIMUM ANNUAL DEBT SERVICE

RESERVE FUND REQUIREMENT \$73,553
RESERVE FUND BALANCE \$73,553

BONDS OUTSTANDING - 2/27/2018 \$2,200,000
LESS: PRINCIPAL PAYMENT - 5/1/19 (\$30,000)
LESS: PRINCIPAL PAYMENT - 5/1/20 (\$35,000)
LESS: PRINCIPAL PAYMENT - 5/1/21 (\$35,000)

CURRENT BONDS OUTSTANDING \$2,100,000

SERIES 2020, CAPITAL IMPROVEMENT BONDS

INTEREST RATE: 3.25%, 3.50%, 4.00%, 4.00%

MATURITY DATE: 5/1/2050

RESERVE FUND DEFINITION 50% MAXIMUM ANNUAL DEBT SERVICE

RESERVE FUND REQUIREMENT \$171,497
RESERVE FUND BALANCE \$171,502

BONDS OUTSTANDING - 1/24/2020 \$5,980,000 LESS: PRINCIPAL PAYMENT - 5/1/21 (\$110,000)

CURRENT BONDS OUTSTANDING \$5,870,000

COMMUNITY DEVELOPMENT DISTRICT

Special Assessment Receipts Fiscal Year 2021 Gross Assessments \$ 137,042.93 \$ 157,320.00 \$ 131,238.63 \$ 425,601.56

| | | | | | | Net Assessments | \$ 128,820,35 | 147,880.80 | \$ 123,364.31 | ₩ | 400,065.47 |
|----------|--------------|---------------|-------------|---------------------|----------|-----------------|--|-------------|---------------|----|--------------|
| | | | | ON ROLL ASSESSMENTS | SSMENTS | | | | | | |
| | | | | | | | 32,20% | 36,96% | 30.84% | | 100.00% |
| | | | | | | | | 2018 Debt | 2020 Debt | | la Control |
| Date | Distribution | Gross Amount | Commissions | Discount/Penalty | Interest | Net Receipts | O&M Portion | Service | Service | | Total |
| | | | | | | | | | | | |
| 1/20/20 | ACH | \$14,423.95 | \$288.48 | (\$565.43) | \$0.00 | \$13,570.04 | \$4,369.53 | \$5,016.05 | \$4,184.46 | | \$13,570.04 |
| 2/10/20 | ACH | \$197,377.24 | \$3,947.60 | (\$7,737.30) | \$0.00 | \$185,692,34 | \$59,792.59 | \$68,639.60 | \$57,260.15 | | \$185,692.34 |
| 1/22/20 | ACH | \$108,811.59 | \$2,176.22 | (\$4,217.48) | \$0.00 | \$102,417.89 | \$32,978.38 | \$37,857.90 | \$31,581.61 | | \$102,417.89 |
| 1/08/21 | ACH | \$98,357.52 | \$1,967.15 | (\$2,891.44) | \$0.00 | \$93,498.93 | \$30,106.49 | \$34,561.08 | \$28,831.36 | | \$93,498.93 |
| 03/08/21 | ACH | \$2,265.06 | \$45.30 | (\$44.40) | \$0.00 | \$2,175.36 | \$700.47 | \$804.10 | \$670.79 | | \$2,175.36 |
| /12/21 | ACH | \$1,575.04 | \$31.50 | (\$15.42) | \$0.00 | \$1,528.12 | \$492.05 | \$564.86 | \$471.21 | | \$1,528.12 |
| /25/21 | ACH | \$2,791.16 | \$55.83 | \$82.06 | \$0.00 | \$2,817.39 | \$907.20 | \$1,041.42 | \$868.77 | | \$2,817.39 |
| | TOTAL | \$ 425,601.56 | \$ 8,512,08 | \$ (15,389.41) \$ | - W W + | \$ 401,700.07 | \$ 129346,71 \$ 148,485.01 \$ 123,868.35 \$ 401,700.07 | 148,485.01 | \$ 123,868.35 | \$ | 401,700.07 |
| | | | | | | | | | | l | |

| Gross Percent Collected | Balance Remaining to Collect |
|-------------------------|------------------------------|
| 100% | • |

DIRECT BILL ASSESSMENTS

| Hanover Lakes LLC | | | | | | |
|-------------------|---------|-------|--------------|--------------|-------------|-----------------------------|
| 2021-01 | | | \$261,742.54 | | \$41,447.76 | \$220,294.78 |
| Date | Due | Check | Net | Amount | Operations& | Series 2020 Debt Service |
| 4/22/21 | 12/1/20 | Wire | \$130,871.28 | \$130,871.28 | \$20,723.88 | \$110,147.40 |
| 4/22/21 | 2/1/21 | Wire | \$65,435.63 | \$65,435.63 | \$10,361.94 | \$55,073.69 |
| 4/22/21 | 4/1/21 | Wire | \$65,435.63 | \$65,435.63 | \$10,361.94 | \$55,073.69 |
| | | | \$261,742.54 | \$261,742,54 | \$41,447.76 | \$220,294.78 |