



Rizzetta & Company

Waters Edge Community Development District

**Board of Supervisors' Meeting
May 28, 2020**

**District Office:
5844 Old Pasco Road, Suite 100
Wesley Chapel, Florida 33544
813.994.1001**

www.watersedgecdd.org

WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT AGENDA

At the Waters Edge Clubhouse, located at 9019 Creedmoor Lane, New Port Richey, FL
34654

Board of Supervisors	Roger LeBlanc Teri Geney Michael McCarthy Michaela Ballou George Anastasopoulos	Chairman Vice Chairman Assistant Secretary Assistant Secretary Assistant Secretary
District Manager	Matt Huber	Rizzetta & Company, Inc.
District Counsel	John Vericker	Straley Robin & Vericker
District Engineer	Greg Woodcock	Cardno TBE

All cellular phones must be placed on mute while in the meeting room.

The Audience Comment portion of the agenda is where individuals may make comments on matters that concern the District. Individuals are limited to a total of three (3) minutes to make comments during this time.

Pursuant to provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting / hearing / workshop is asked to advise the District Office at least forty-eight (48) hours before the meeting / hearing / workshop by contacting the District Manager at (813)533-2950. 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), who can aid you in contacting the District Office.

A person who decides to appeal any decision made at the meeting/hearing/workshop with respect to any matter considered at the meeting/hearing/workshop 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 the appeal is to be based.

WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
DISTRICT OFFICE • 9428 CAMDEN FIELD PKWY • RIVERVIEW, FL 33579
www.watersedgecdd.org

**Board of Supervisors
Waters Edge Community
Development District**

May 20, 2020

FINAL AGENDA

Dear Board Members:

The special meeting of the Board of Supervisors of the Waters Edge Community Development District will be held on **Thursday, May 28, 2020 at 5:00 PM.** to be conducted by means of communications media technology telephone pursuant to Executive Orders 20-52 and 20-69 issued by Governor DeSantis on March 9, 2020 and March 20, 2020, respectively, and pursuant to Section 120.54(5)(b)2., Florida Statutes. The following is the tentative agenda for this meeting:

- 1. CALL TO ORDER/ROLL CALL**
- 2. AUDIENCE COMMENTS ON AGENDA ITEMS**
- 3. BUSINESS ADMINISTRATION**
 - A. Consideration of Minutes of the Board of Supervisors' Meeting held on April 23, 2020.....Tab 1
 - B. Consideration of Operation and Maintenance Expenditures for April 2020.....Tab 2
- 4. STAFF REPORTS**
 - A. District Engineer
 - B. Aquatics Manager
 - C. District Counsel
 - D. District Manager
 1. Presentation of Action Item List.....Tab 3
 2. Announcement of Registered VotersTab 4
- 5. BUSINESS ITEMS**
 - A. Ratification of Audit for FY Ending Sept. 30, 2019.....Tab 5
 - B. Consideration of Resolution 2020-05; Re-designating Secretary appointing Bob Schleifer.....Tab 6
 - C. Consideration of Resolution 2020-06; Approving Proposed Fiscal Year 2020-2021 BudgetTab 7
 - D. Discussion regarding Water Test Day
 - E. Ratification of Arbitrage Rebate ProposalTab 8
- 6. AUDIENCE COMMENTS AND SUPERVISOR REQUESTS**
- 7. ADJOURNMENT**

We look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to call us at (813) 533-2950.

Sincerely,
Matthew Huber
Matthew Huber
Regional District Manager

Tab 1

MINUTES OF MEETING

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that 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.

**WATERS EDGE
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Waters Edge Community Development District was held on **Thursday, April 23, 2020, at 3:30 p.m.** conducted by means of communications media technology pursuant to Executive Orders 20-52 and 20-69 issued by Governor DeSantis on March 9, 2020 and March 20, 2020, respectively, and pursuant to Section 120.54(5)(b)2., Florida Statutes

Present and constituting a quorum:

Roger LeBlanc	Board Supervisor, Chairman
Teri Geney	Board Supervisor, Vice Chairman
Michael McCarthy	Board Supervisor, Assistant Secretary
Michaela Ballou	Board Supervisor, Assistant Secretary
George Anastasopoulos	Board Supervisor, Assistant Secretary

Also present were:

Matt Huber	District Manager, Rizzetta & Co., Inc.
John Vericker	District Counsel, Straley Robin & Vericker (via phone)
Brian Fackler	Sitex Aquatics
Greg Woodcock	District Engineer, Cardno
Audience	Joined in Progress

FIRST ORDER OF BUSINESS

Call to Order

Mr. Huber called the meeting to order and performed the roll call.

SECOND ORDER OF BUSINESS

Audience Comments on Agenda Items

No audience members currently present.

THIRD ORDER OF BUSINESS

Consideration of Minutes of the Board of Supervisors' Regular Meeting held on February 27, 2020

On a Motion by Ms. Ballou, seconded by Mr. McCarthy, with all in favor, the Board of Supervisors approved the Minutes of the Board of Supervisors' Regular Meeting held on February 2020, for the Waters Edge Community Development District.

FOURTH ORDER OF BUSINESS**Consideration of Operations &
Maintenance Expenditures for
February & March 2020**

On a Motion by Mr. LeBlanc, seconded by Mr. McCarthy, with all in favor, the Board of Supervisors approved the Operations & Maintenance Expenditures for February 2020 totaling \$24,808.20 and March 2020 totaling \$24,012.75, for the Water's Edge Community Development District.

FIFTH ORDER OF BUSINESS**Staff Reports****A. District Engineer****1. Presentation of the SWFWMD Inspection Report**

Mr. Woodcock presented Sitemasters initial proposal in the amount of \$2,000 to the Board of Supervisors to address items discussed during inspection. Discussion ensued on whether this is something the landscapers can do. It was mentioned that ASI is already working on site maintenance matters. Mr. Huber was asked to check with the Homeowners Association regarding this concern.

B. Aquatics Manager**i. Presentation of Waterway Inspection Report**

Mr. Fackler presented the monthly report to the Board of Supervisors. Mr. McCarthy mentioned an issue with the G1 pond and requested to meet with Mr. Fackler regarding the spike rush treatments.

C. District Counsel

Mr. Vericker discussed Executive Orders 20-52 and 20-69 issued by Governor DeSantis being extended through May 8th. Dependent on these orders, the Board may need to continue holding meetings via teleconference through the month of May.

D. District Manager

Mr. Huber informed the Board that the next regularly scheduled meeting will be held on May 28, 2020 at 5:00 p.m.

i. Presentation of Action Item List

Discussion ensued regarding the completion of pressure washing, clean up of the tree down on Slidell and the grass on Belle.

Mr. Huber brought Resolution 2020-04, Authorization of Bank Signatories to the Board's attention for review and approval.

On a Motion by Ms. Geney, seconded by Mr. McCarthy, with all in favor, the Board of Supervisors approved Resolution 2020-04; Authorization of Bank Signatories, for the Water's Edge Community Development District.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2020-03; Re-Designation of Assistant Secretary

On a Motion by Ms. Geney, seconded by Mr. Ballou, with all in favor, the Board of Supervisors approved Resolution 2020-03; Re-Designation of Assistant Secretary, for the Water's Edge Community Development District.

SEVENTH ORDER OF BUSINESS

Consideration of Reserve Study Proposal

Mr. Huber presented the Reserve Study Update with Site Inspection Proposal in the amount of \$1,800.00. Discussion ensued regarding CDD/HOA items that have been cleared up.

On a Motion by Mr. LeBlanc, seconded by Mr. McCarthy, with all in favor, the Board of Supervisors approved the Reserve Study Proposal in the amount of \$1,800.00, for the Water's Edge Community Development District.

EIGHTH ORDER OF BUSINESS

Audience Comments

No audience comments presented at this time.

NINTH ORDER OF BUSINESS

Supervisor Requests

Mr. Anastaspoulos led discussion regarding the missing March reclaimed water expense; estimating that is would be around \$3,000. He recommended that funds be movement from the maintenance account to reflect the debt owed.

Mr. Ananstaspoulos requested an update on the status of the Audit and whether it would be available before discussions on for Fiscal Year 2020-2021.

Discussion was also held regarding enforcement of irrigation violations.

TENTH ORDER OF BUSINESS

Adjournment

On a Motion by Ms. Geney, seconded by Mr. Anastaspoulos, with all in favor, the Board of Supervisors adjourned the meeting at 5:18 p.m. for the Water's Edge Community Development District.

Tab 2

Waters Edge Community Development District

DISTRICT OFFICE · 5844 OLD PASCO ROAD · SUITE 100 · WESLEY CHAPEL, FLORIDA 33544

Operations and Maintenance Expenditures April 2020 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from April 1, 2020 through April 30, 2020. This does not include expenditures previously approved by the Board.

The total items being presented: **\$18,478.06**

Approval of Expenditures:

_____ Chairperson

_____ Vice Chairperson

_____ Assistant Secretary

Waters Edge Community Development District

Paid Operation & Maintenance Expenditures

April 1, 2020 Through April 30, 2020

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Ameriscape USA, Inc.	002002	137105	Irrigation Repairs 03/20	\$ 550.00
Ameriscape USA, Inc.	002001	137170	Irrigation Repairs 03/20	\$ 3,250.63
Ameriscape USA, Inc.	002001	137374	Irrigation Repairs 03/20	\$ 1,990.00
Ameriscape USA, Inc.	002001	137375	Irrigation Repairs 03/20	\$ 1,404.00
Ameriscape USA, Inc.	002004	137466	Irrigation Repairs 04/20	\$ 108.55
Fountain Design Group, Inc.	001997	20511A	Quarterly Fountain Cleaning Service 03/20	\$ 335.00
George Anastasopoulos	002006	GA042320	Board of Supervisors Meeting 04/23/20	\$ 200.00
Michael T. McCarthy	002009	MM042320	Board of Supervisors Meeting 04/23/20	\$ 200.00
Michaela A. Ballou	002007	MB042320	Board of Supervisors Meeting 04/23/20	\$ 200.00
Pasco County Utilities	002005	13293926	9019 Creedmoor Reclaim Lane 03/20	\$ 3,974.60
Rizzetta & Company, Inc.	001998	INV0000048121	District Management Fees 04/20	\$ 3,783.08
Rizzetta Technology Services	001999	INV0000005685	Email/Website Services 04/20	\$ 175.00

Waters Edge Community Development District

Paid Operation & Maintenance Expenditures

April 1, 2020 Through April 30, 2020

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Roger LeBlanc	002010	RL042320	Board of Supervisors Meeting 04/23/20	\$ 200.00
Straley Robin Vericker	002000	18117	General Legal Services 02/20	\$ 661.65
Straley Robin Vericker	002012	18224	General Legal Services 03/20	\$ 584.15
Teri Lynn Geney	002008	TG042320	Board of Supervisors Meeting 04/23/20	\$ 200.00
Times Publishing Company	002011	77560 04/15/20	Account # 113848 Legal Advertising 04/20	\$ 186.40
Top Notch Service, Inc.	002003	552	Pressure Wash Retaining Wall 03/20	<u>\$ 475.00</u>
Report Total				<u><u>\$ 18,478.06</u></u>

Tab 3

Tab 4

WATERS EDGE CDD - ACTION ITEMS

[illegible]

Tab 5



April 16, 2020

Joe Roethke
Rizzetta & Company
5844 Old Pasco Rd
Suite 100
Wesley Chapel FL 33544

Mr. Joe Roethke:

Pursuant to Florida Statute, the following voter registration statistics are provided for the respective community development district as of April 15, 2020.

- Waters Edge Community Development District 1,867

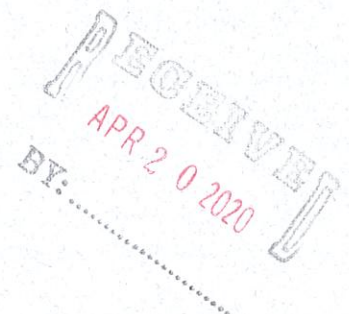
According to the development district's website, you are listed as the district manager for the above. If you are no longer the manager for this district, please let me know at your earliest convenience.

As always, please call me if you have any questions or need additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tiffannie A. Alligood", with a stylized flourish at the end.

Tiffannie A. Alligood
Chief Administrative Officer



Tab 6

**WATERS EDGE
COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA**

TABLE OF CONTENTS

	<u>Page</u>
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 <i>GOVERNMENT AUDITING STANDARDS</i>	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
MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	26-27



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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
Waters Edge Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Waters Edge Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2019, 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, 2019, 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 February 28, 2020, 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.

February 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Waters Edge Community Development District, Pasco County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2019. 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 plus deferred outflows of resources at the close of the most recent fiscal year resulting in a net position deficit balance of (\$5,196,189).
- The change in the District's total net position in comparison with the prior fiscal year was \$173,126, a decrease in the deficit. 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, 2019, the District's governmental funds reported combined ending fund balances of \$1,178,829, an increase of \$72,794 in comparison with the prior year. A portion of fund balance is restricted for debt service, non-spendable for prepaid items, assigned to capital reserves and reclaimed water, 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 is 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 distinguish functions of the District that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and physical environment 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 outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two 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 fund and debt service fund, both of which 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 plus deferred outflows of resources 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,			
	2019		2018
Current and other assets	\$ 1,203,020	\$	1,109,867
Capital assets, net	2,967,874		3,265,063
Total assets	4,170,894		4,374,930
Deferred outflows of resources	85,212		90,376
Current liabilities	170,987		154,143
Long-term liabilities	9,281,308		9,680,478
Total liabilities	9,452,295		9,834,621
Net position			
Net investment in capital assets	(2,068,736)		(1,996,018)
Restricted for debt service	62,048		49,952
Unrestricted	(3,189,501)		(3,423,249)
Total net position	\$ (5,196,189)	\$	(5,369,315)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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.

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

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,		
Revenues:	2019	2018
Program revenues		
Charges for services	\$ 1,124,892	\$ 1,043,823
Operating grants and contributions	2,171	1,668
General revenues		
Unrestricted investment earnings	6,509	2,993
Total revenues	1,133,572	1,048,484
Expenses:		
General government	91,961	95,677
Physical environment	505,261	419,768
Interest on long-term debt	363,224	372,655
Total expenses	960,446	888,100
Change in net position	173,126	160,384
Net position - beginning	(5,369,315)	(5,529,699)
Net position - ending	\$ (5,196,189)	\$ (5,369,315)

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2019 was \$960,446. The costs of the District's activities were primarily funded by program revenues. As in the prior fiscal year, program revenues are comprised primarily of assessments. Program revenues increased during the fiscal year as a result of an increase in per unit assessments. In total, expenses, increased from the prior fiscal year, mainly as a result of stormwater system repairs and reclaimed water expenses.

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, 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2019, the District had \$6,633,196 invested in capital assets for its governmental activities. In the government-wide financial statements, depreciation of \$3,665,322 has been taken, which resulted in a net book value of \$2,967,874. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2019, the District had \$9,295,000 in Bonds outstanding for its governmental activities. More detailed information about the District's debt is presented in the accompanying notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is expected that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide landowners, 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 District's Finance Department at 12750 Citrus Park Lane, Suite 115, Tampa Florida, 33625.

FINANCIAL STATEMENTS

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	Governmental Activities
ASSETS	
Cash	\$ 612,713
Assessments receivable	4,561
Prepays and deposits	1,886
Restricted assets:	
Investments	583,860
Capital assets:	
Depreciable assets, net	<u>2,967,874</u>
Total assets	<u>4,170,894</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding (debit)	<u>85,212</u>
Total deferred outflows of resources	<u>85,212</u>
 LIABILITIES	
Accounts payable and accrued expenses	24,191
Accrued interest payable	146,796
Non-current liabilities:	
Due within one year	405,000
Due in more than one year	<u>8,876,308</u>
Total liabilities	<u>9,452,295</u>
 NET POSITION	
Net investment in capital assets	(2,068,736)
Restricted for debt service	62,048
Unrestricted	<u>(3,189,501)</u>
Total net position	<u>\$ (5,196,189)</u>

See notes to the financial statements

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 91,961	\$ 91,961	\$ -	\$ -
Physical environment	505,261	265,776	-	(239,485)
Interest on long-term debt	363,224	767,155	2,171	406,102
Total governmental activities	<u>960,446</u>	<u>1,124,892</u>	<u>2,171</u>	<u>166,617</u>
General revenues:				
Unrestricted investment earnings				<u>6,509</u>
Total general revenues				<u>6,509</u>
Change in net position				173,126
Net position - beginning				<u>(5,369,315)</u>
Net position - ending				<u>\$ (5,196,189)</u>

See notes to the financial statements

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds		Total
	General	Debt Service	Governmental Funds
ASSETS			
Cash and equivalents	\$ 612,713	\$ -	\$ 612,713
Investments	-	583,860	583,860
Assessments receivable	1,450	3,111	4,561
Due from other funds	-	9	9
Prepaid items	1,886	-	1,886
Total assets	<u>\$ 616,049</u>	<u>\$ 586,980</u>	<u>\$ 1,203,029</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 24,191	\$ -	\$ 24,191
Due to other funds	9	-	9
Total liabilities	<u>24,200</u>	<u>-</u>	<u>24,200</u>
Fund balances:			
Nonspendable:			
Prepaid items	1,886	-	1,886
Restricted for:			
Debt service	-	586,980	586,980
Assigned to:			
Capital reserves	360,112	-	360,112
Reclaimed water	24,312	-	24,312
Unassigned	205,539	-	205,539
Total fund balances	<u>591,849</u>	<u>586,980</u>	<u>1,178,829</u>
Total liabilities and fund balances	<u>\$ 616,049</u>	<u>\$ 586,980</u>	<u>\$ 1,203,029</u>

See notes to the financial statements

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Fund balance - governmental funds \$ 1,178,829

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, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets in the net position of the government as a whole.

Cost of capital assets	6,633,196	
Accumulated depreciation	<u>(3,665,322)</u>	2,967,874

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.

Original issue discount	17,427	
Amortization of discount	(3,735)	
Accrued interest payable	(146,796)	
Deferred amount on refunding	95,540	
Amortization of deferred amount	(10,328)	
Bonds payable	<u>(9,295,000)</u>	<u>(9,342,892)</u>
Net position of governmental activities		<u>\$ (5,196,189)</u>

See notes to the financial statements

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Major Funds		Total
	General	Debt Service	Governmental Funds
REVENUES			
Assessments	\$ 357,737	\$ 767,155	\$ 1,124,892
Interest income	6,509	2,171	8,680
Total revenues	<u>364,246</u>	<u>769,326</u>	<u>1,133,572</u>
EXPENDITURES			
Current:			
General government	91,961	-	91,961
Physical environment	208,072	-	208,072
Debt service:			
Principal	-	400,000	400,000
Interest	-	360,745	360,745
Total expenditures	<u>300,033</u>	<u>760,745</u>	<u>1,060,778</u>
Excess (deficiency) of revenues over (under) expenditures	64,213	8,581	72,794
Fund balances - beginning	<u>527,636</u>	<u>578,399</u>	<u>1,106,035</u>
Fund balances - ending	<u>\$ 591,849</u>	<u>\$ 586,980</u>	<u>\$ 1,178,829</u>

See notes to the financial statements

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO 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, 2019**

Net change in fund balances - total governmental funds	\$	72,794
--	----	--------

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

Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.		(297,189)
--	--	-----------

Repayments of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		400,000
--	--	---------

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 fund financial statements.		3,515
--	--	-------

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:

Amortization of deferred amount on refunding		(5,164)
Amortization of original issue discount		(830)

Change in net position of governmental activities	\$	<u>173,126</u>
---	----	----------------

See notes to the financial statements

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Waters Edge Community Development District (the "District") was created by Pasco County Ordinance 05-02 enacted on February 14, 2005 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. 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 governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected on an at large basis by qualified electors that reside within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Allocating 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 are 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*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, including debt service assessments and operations and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefitted by the District's activities. Assessments are certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefitted lands in the District. Debt service special assessments are imposed upon certain lots and lands described in each resolution imposing the special assessment for each series of Bonds issued by the District.

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

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 on hand and demand deposits are considered to be cash and cash equivalents.

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, surplus funds may be deposited into certificates of deposit which are insured. Any unspent proceeds are required to be held in investments allowed in 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.

Inventories and Prepaid Items

Inventories in governmental funds are recorded as expenditures when consumed rather than when purchased.

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 governmental 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 estimated fair market 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 system	25
Landscaping and entry	15

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Refunding of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources/deferred inflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, \$5,164 was recognized as a component of interest expense in the current fiscal year.

Unearned Revenue

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

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 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:

Committed fund balance – 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

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) A public hearing is conducted to obtain 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.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriations for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances as shown below were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer, except for the balances in the debt service fund. 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.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments were held as follows at September 30, 2019:

	Amortized Cost	Credit Risk	Weighted average Maturities
US Bank MMKT 5 - CT	\$ 583,860	N/A	N/A
Total Investments	<u>\$ 583,860</u>		

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.

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 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental activities</u>				
Capital assets, being depreciated				
Stormwater system	\$ 5,438,383	\$ -	\$ -	\$ 5,438,383
Landscaping and entry	1,194,813	-	-	1,194,813
Total capital assets, being depreciated	6,633,196	-	-	6,633,196
Less accumulated depreciation for:				
Stormwater system	(2,465,390)	(217,535)	-	(2,682,925)
Landscaping and entry	(902,743)	(79,654)	-	(982,397)
Total accumulated depreciation	(3,368,133)	(297,189)	-	(3,665,322)
Total capital assets, being depreciated, net	3,265,063	(297,189)	-	2,967,874
Governmental activities capital assets, net	\$ 3,265,063	\$ (297,189)	\$ -	\$ 2,967,874

Depreciation expense was charged to the physical environment function.

NOTE 6 – LONG-TERM LIABILITIES

Series 2015

On March 31, 2015, the District issued \$10,840,000 of Capital Improvement Revenue Refunding Bonds, Series 2015. The Series 2015 Bonds were applied together with other legally available funds to current refund the Series 2005 Capital Improvement Revenue Bonds. The Series 2015 Bonds consist of \$10,345,000 Series 2015A-1 and \$495,000 Series 2015A-2 Bonds. The Series 2015A-1 Bonds are a combination of Serial Bonds of \$4,955,000 and Term Bonds of \$2,150,000 and \$3,240,000, respectively. The Series 2015A-1 Serial Bonds maturing in 2036 have varying interest rates from 2.5% to 4.2%. The Series 2015A-2 Bonds consist of \$495,000 Term Bonds due May 1, 2036 with a fixed interest rate of 4.9%. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2015. Principal on the Series 2015 Bonds is paid serially and commenced on May 1, 2016.

The Series 2015 Bonds are subject to redemption at the option of the District prior to maturity. The Bonds are also subject to extraordinary mandatory redemption prior to 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 redeem the Series 2005 Bonds 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, 2019.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2015 A-1	\$ 9,245,000	\$ -	\$ 385,000	\$ 8,860,000	\$ 390,000
Series 2015 A-2	450,000	-	15,000	435,000	15,000
Less original issuance discount	(14,522)	-	(830)	(13,692)	-
Total	<u>\$ 9,680,478</u>	<u>\$ -</u>	<u>\$ 399,170</u>	<u>\$ 9,281,308</u>	<u>\$ 405,000</u>

At September 30, 2019, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 405,000	\$ 352,310	\$ 757,310
2021	420,000	342,313	762,313
2022	430,000	330,833	760,833
2023	445,000	318,578	763,578
2024	460,000	304,316	764,316
2025-2029	2,560,000	1,262,749	3,822,749
2030-2034	3,130,000	711,110	3,841,110
2035-2036	1,445,000	92,295	1,537,295
Total	<u>\$ 9,295,000</u>	<u>\$ 3,714,504</u>	<u>\$ 13,009,504</u>

NOTE 7 – DEFICIT NET POSITION

The District has a government-wide net position (deficit) of (\$5,196,189) as of September 30, 2019. There is no such deficit reflected in the governmental fund statements. The deficit primarily relates to capital outlay which has been financed through the issuance of long term debt but will not be owned or maintained by the District.

NOTE 8 – COST SHARE AGREEMENT

The District has an agreement with the Waters Edge Master Association (“Association”) to share certain maintenance costs, including landscaping of common areas. The agreement provides that the District is responsible for paying 40% of maintenance costs associated with the landscaping of common areas whereas the Association is responsible for paying the remaining 60%. In connection with the agreement, the District’s portion of shared costs for the fiscal year ended September 30, 2019 totaled \$74,071.

NOTE 9 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, 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; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. The District has not filed any claims under this commercial insurance coverage during the last three years.

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts <u>Original & Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 335,150	\$ 357,737	\$ 22,587
Investment income	-	6,509	6,509
Total revenues	<u>335,150</u>	<u>364,246</u>	<u>29,096</u>
EXPENDITURES			
Current:			
General government	100,852	91,961	8,891
Physical environment	<u>234,298</u>	<u>208,072</u>	<u>26,226</u>
Total expenditures	<u>335,150</u>	<u>300,033</u>	<u>35,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	64,213	<u>\$ 64,213</u>
Fund balance - beginning		<u>527,636</u>	
Fund balance - ending		<u>\$ 591,849</u>	

See notes to required supplementary information

**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT
PASCO 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, 2019.



**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
Waters Edge Community Development District
Pasco 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 Waters Edge Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated February 28, 2020.

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*.

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.

February 28, 2020



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

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
Waters Edge Community Development District
Pasco County, Florida

We have examined Waters Edge Community Development District, Pasco 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, 2019. 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, 2019.

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 Waters Edge Community Development District, Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

February 28, 2020



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

To the Board of Supervisors
Waters Edge Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Waters Edge Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 28, 2020.

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 Auditor General.

Other Reports and Schedule

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 February 28, 2020, 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 of 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 Waters Edge Community Development District, Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Waters Edge Community Development District, Pasco 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.

February 28, 2020

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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, 2018.

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, 2019.

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, 2019.

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, 2019. 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.

Tab 7

RESOLUTION 2020-05

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE WATERS
EDGE COMMUNITY DEVELOPMENT DISTRICT REDESIGNATING
THE SECRETARY OF THE DISTRICT, AND PROVIDING FOR AN
EFFECTIVE DATE**

WHEREAS, the Waters Edge Community Development District (the "District") is a local unit of special-purpose government organized and existing in accordance with Chapter 190, Florida Statutes, and situated entirely within Pasco County, Florida; and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS
OF THE WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT:**

Section 1. Bob Schleifer is appointed Secretary

Section 2. This Resolution and any prior resolutions of the District shall be construed to the maximum extent possible to give full force and effect to the provisions of each resolution. All District resolutions or parts thereof in actual conflict with this Resolution are, to the extent of such conflict, superseded, and repealed.

Section 3. This Resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED THIS 28th DAY OF MAY, 2020.

**WATERS EDGE COMMUNITY
DEVELOPMENT DISTRICT**

CHAIRMAN/VICE CHAIRMAN

ATTEST:

ASSISTANT SECRETARY

Tab 8

RESOLUTION 2020-06

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT APPROVING PROPOSED OPERATION AND MAINTENANCE BUDGET FOR FISCAL YEAR 2020/2021; SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; ADDRESSING TRANSMITTAL, POSTING AND PUBLICATION REQUIREMENTS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the District Manager prepared and submitted to the Board of Supervisors (“**Board**”) of the Waters Edge Community Development District (“**District**”) prior to June 15, 2020, a proposed operation and maintenance budget for the fiscal year beginning October 1, 2020 and ending September 30, 2021 (“**Proposed Budget**”); and

WHEREAS, the Board has considered the Proposed Budget and desires to set the required public hearing thereon.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT:

1. **PROPOSED BUDGET APPROVED.** The Proposed Budget, including any modifications made by the Board, attached hereto as **Exhibit A** is hereby approved as the basis for conducting a public hearing to adopt said Proposed Budget.

2. **SETTING A PUBLIC HEARING.** The public hearing on said Proposed Budget is hereby declared and set for the following date, hour and location:

DATE: July 23, 2020

HOUR: 5:00 P.M.

LOCATION: Waters Edge Clubhouse
9019 Creedmoor Lane
New Port Richey, FL 34654

**Please note that pursuant to Governor DeSantis’ Executive Order 20-69 (as extended by Executive Order 20-112, and Executive Order 20-123, and as it may be further extended or amended) relating to the COVID-19 public health emergency and to protect the public and follow the CDC guidance regarding social distancing, such public hearing and meeting may be held telephonically or virtually. Please check on the District’s website for the latest information: <https://www.watersedgecdd.org/>.*

3. **TRANSMITTAL OF PROPOSED BUDGET TO LOCAL GENERAL PURPOSE GOVERNMENT.** The District Manager is hereby directed to submit a copy of the Proposed Budget to Pasco County at least 60 days prior to the hearing set above.

4. **POSTING OF PROPOSED BUDGET.** In accordance with Section 189.016, *Florida Statutes*, the District's Secretary is further directed to post the Proposed Budget on the District's website at least two days before the budget hearing date and shall remain on the website for at least 45 days.

5. **PUBLICATION OF NOTICE.** Notice of this public hearing shall be published in the manner prescribed by Florida law.

6. **EFFECTIVE DATE.** This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED THIS 28th DAY OF MAY, 2020.

ATTEST:

**WATERS EDGE COMMUNITY
DEVELOPMENT DISTRICT**

Assistant Secretary

By: _____
Name: _____
Chair/Vice Chair of the Board of Supervisors

Exhibit A: Proposed Budget for Fiscal Year 2020/2021

Exhibit A:

Proposed Budget for Fiscal Year 2020/2021

Tab 9

Arbitrage Rebate Proposal For
\$10,840,000
Waters Edge Community Development District
(Pasco County, Florida)
Capital Improvement Revenue Refunding Bonds,
Series 2015A-1 & 2015A-2





AMTEC

American Municipal Tax-Exempt Compliance

90 Avon Meadow Lane
Avon, CT 06001
(T) 860-321-7521
(F) 860-321-7581

www.amteccorp.com

May 12, 2020

Waters Edge Community Development District
c/o Ms. Shandra Torres
District Compliance Associate
Rizzetta & Company
12750 Citrus Park Lane, Suite 115
Tampa, FL 33625

Re: Arbitrage Rebate Computation Proposal for \$10,840,000 Waters Edge Community Development District (Pasco County, Florida) Capital Improvement Revenue Refunding Bonds, Series 2015A-1 & 2015A-2

To Whom It May Concern:

Thank you for having Rizzetta contact our office and request this Proposal for the above-referenced Waters Edge Community Development District (the "District") bond issue (the "Bonds"). AMTEC is an independent consulting firm that specializes in arbitrage rebate calculations. We have the ability to complete rebate computations for the above-referenced Bonds. We do not sell investments or seek an underwriting role. As a result of our specialization, we offer very competitive pricing for rebate computations. Our typical fee averages less than \$1,000 per year, per issue and includes up to five years of annual rebate liability reporting.

Firm History

AMTEC was incorporated in 1990 and maintains a prominent client base of community development districts, colleges and universities, school districts, hospitals, cities, state agencies and small-town bond issuers throughout the United States. We currently compute rebate for more than 6,300 bond issues and have delivered thousands of rebate reports. The IRS has never challenged our findings.

Southeast Client Base

We provide arbitrage rebate services to over 350 bond issues aggregating more than \$9.1 billion of tax-exempt debt in the southeastern United States. In Florida, we are exclusive rebate consultant to the City of Palm Beach and Broward County, in addition to working on nearly 100 separate CDD bond issuances throughout the State. Nationally, we are rebate consultants for the City of Tulsa (OK), the City of Lubbock (TX) and the States of Connecticut, New Jersey, Montana, Mississippi, Alaska and West Virginia.

We have prepared a Proposal for the computation of arbitrage for the Bonds. We have established a "bond year end" of March 31st, based on the closing date in 2015.

Time is of the Essence

Since the end of the 5th Bond Year has passed (March 31, 2020), time is of the essence. The Arbitrage Regulations require rebate computations to be completed no later than every five years from the date of issuance and upon the final redemption date of the Bonds. Any accumulated rebate liability is due within 60 days of this date to avoid penalties and late interest. We will make the computations for the Bonds a top priority so as to minimize late interest, if a rebate liability exists. Rebate computations will be completed as soon as possible upon receiving the requested information.

Proposal

We are proposing rebate computation services based on the following:

- \$10,840,000 Capital Improvement Revenue Refunding Bonds, Series 2015A-1 & 2015A-2
- Fixed Rate Bonds
- Escrow, Reserve, Cost of Issuance, Capitalized Interest and Debt Service Funds.

Should the Tax Agreement require rebate computations for any other accounts, computations will be extended to include those accounts at no additional cost to the District.

Our guaranteed fee for rebate computations for the Bonds is \$450 per year and will encompass all activity from March 31, 2015, the date of the closing, through March 31, 2020, the Computation Date. The fee is based upon the size as well as the complexity. Our fee is payable upon your acceptance of our rebate reports, which will be delivered shortly after the report dates specified in the following table.

AMTEC's Professional Fee

Report Date	Type of Report	Period Covered	Fee
May 15, 2020	Rebate and Opinion	Closing – March 31, 2020 * (5 Bond Years of Activity)	\$2,250

* Mandatory IRS required reporting date.

In order to begin, we are requesting the following documentation for each bond issue (a copy of the entire bond transcripts, either electronically or on CD, would suffice):

1. IRS Form 8038-G.
2. Closing Memorandum.
3. Causey, Demgen & Moore, Inc. Verification Report.

Items #1-3 can be found within the CD bond transcripts that the District received following the closing date. However, if you are unable to locate any of these items, bond counsel will be able to provide them to you.

4. Wachovia/US Bank statements, for all funds and accounts, from March 31, 2015, the date of the closing, through March 31, 2020, the Computation Date.


AMTEC's Scope of Services

Our standard engagement includes the following services:


- Review of all bond documents and account statements for possible rebate exceptions;
- Computation of the rebate liability and/or the yield restricted amount, in accordance with Section 148 of the Internal Revenue Code, commencing with the date of the closing through each report date;
- Independent calculation of the yield on the Bonds to ensure the correct basis for any rebate liability. This effort provides the basis for our unqualified opinion;
- Reconciliation of the sources and uses of funds from the bond documentation;
- Calculation and analysis of the yield on all investments, subject to the Regulations, for each computation period;
- Production of rebate reports, indicating the above stated information, and the issuance of the AMTEC Opinion;
- Recommendations for proactive rebate management;
- Commingled funds, transferred proceeds and yield restriction analyses, if necessary;
- Preparation of IRS Form 8038-T and any accompanying documentation, should a rebate payment be required;
- We will discuss the results of our Reports with you, your auditors, and our continued support in the event of an IRS inquiry; and
- We guarantee the completeness and accuracy of our work.

Thank you for considering AMTEC for this assignment and should you have any questions, please do not hesitate to contact us.

Waters Edge Community Development District

By: 
Matthew Huber, District Manager

Consultant: American Municipal Tax-Exempt
Compliance Corporation


By: Michael J. Scarfo
Senior Vice President