



Rizzetta & Company

Trails Community Development District

**Board of Supervisors' Meeting
May 11, 2020**

**District Office:
2806 N. Fifth Street, unit 403
St. Augustine, FL 32084**

www.trailscdd.org

TRAILS COMMUNITY DEVELOPMENT DISTRICT

Rizzetta & Company, Inc., 2806 North Fifth Street, Unit 403, St Augustine, FL 32084

Board of Supervisors

Mark Dearing	Chairman
Terence Douglas	Vice Chairman
Wanda Johnson	Assistant Secretary
Melvin Brown	Assistant Secretary
Douglas Pope	Assistant Secretary

District Manager

Lesley Gallagher	Rizzetta & Company, Inc.
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District Counsel

Katie Buchanan	Hopping Green & Sams, P.A
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District Engineer

Vince Dunn	Dunn & Associates
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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 (904) 436-6270. 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.

May 4, 2020

**Board of Supervisors
Trails Community
Development District**

AGENDA

Dear Board Members:

The **special** meeting of the Board of Supervisors of the Trails Community Development District will be held on **May 11, 2020 at 1:00 p.m.**, via teleconference at 1-929-205-6099 meeting ID 680 626 4765, pursuant to Executive Orders 20-52 and 20-69 issued by Governor DeSantis on March 9, 2020, March 20, 2020 and April 29, 2020 respectively, and pursuant to Section 120.54(5)(b)2., Florida Statutes. The following is the agenda for this meeting.

- 1. CALL TO ORDER/ROLL CALL**
- 2. PUBLIC COMMENTS**
- 3. BUSINESS ADMINISTRATION**
 - A. Ratification of the Operation and Maintenance Expenditures for February 2020 and March 2020.....**Tab 1**
 - B. Consideration of the Minutes of the Board of Supervisors' Regular Meeting held March 10, 2020.....**Tab 2**
 - C. Consideration of Resolution 2020-06, Re-Designating a Secretary.....**Tab 3**
 - D. Consideration of Resolution 2020-07, Amending Bank Signatories.....**Tab 4**
 - E. Ratification of Acceptance of Audit Report for Period Ending September 30, 2019.....**Tab 5**
 - F. Consideration of LLS Tax Solutions Engagement Letter, Series 2007.....**Tab 6**
- 4. STAFF REPORTS**
 - A. District Counsel
 - B. District Engineer
 - C. Amenity Manager
 - D. Landscape Manager
 - E. District Manager
- 5. BUSINESS ITEMS**
 - A. Consideration of Acceptance of Fountain in Ponds 11 & 12.....**Tab 7**
 - B. Consideration of Resolution 2020-08, Approving Proposed Fiscal Year 2020/2021 Budget and Setting Public Hearing.....**Tab 8**
 - C. Discussion Regarding Re-opening of Amenities Due to COVID-19
- 6. SUPERVISOR REQUESTS**
- 7. ADJOURNMENT**

I look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to contact me at (904) 436-6270.

Very truly yours,
Lesley Gallagher
Lesley Gallagher
Trails Community Development District

CALL TO ORDER / ROLL CALL

PUBLIC COMMENTS

BUSINESS ADMINISTRATION

Tab 1

TRAILS COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 2806 N. FIFTH STREET · UNIT 403 · ST. AUGUSTINE, FLORIDA 32084

Operation and Maintenance Expenditures Presented For Board Approval February 2020

Attached please find the check register listing the Operation and Maintenance expenditures paid from February 1, 2020 through February 29, 2020. This does not include expenditures previously approved by the Board.

The total items being presented: **\$24,008.22**

Approval of Expenditures:

_____Chairperson

_____Vice Chairperson

_____Assistant Secretary

Trails Community Development District

Paid Operation & Maintenance Expenditures

February 1, 2020 Through February 29, 2020

Vendor Name	Check Number	Invoice Number	Invoice Description	Invoice Amount
Brightview Landscape Services, Inc.	002012	6695685	Landscape Maintenance 02/20	\$ 5,625.00
Daily Record & Observer, LLC	002016	20-00915D	Legal Advertisement 02/20	\$ 99.88
Daily Record & Observer, LLC	002019	20-01020D	Legal Advertisement 02/20	\$ 174.13
Dunn & Associates, Inc.	002013	20-156	Engineering Services Since 08/02/19	\$ 1,496.43
Future Horizons, Inc.	002014	61760	Aquatic Weed Control 01/20	\$ 852.40
Hopping Green & Sams	002015	112624	General Legal Services 12/19	\$ 39.00
Innersync Studio, Ltd dba. Campus Suite JEA	002008	18221	Website Service ADA Compliance 01/20	\$ 384.38
	002017	0715007480	Utility Summary 01/20	\$ 1,927.93
Poolsure	002009	131295590900	Monthly Pool Chemicals 02/20	\$ 691.59
Rizzetta & Company, Inc.	002006	INV0000046537	District Management Services 02/20	\$ 4,887.50
Rizzetta Technology Services, LLC	002007	INV0000005509	Website & EMail Hosting Services 02/20	\$ 100.00
Vesta Property Services, Inc.	002010	364937	Reimburse Expenses 12/19	\$ 47.06
Vesta Property Services, Inc.	002011	635248	On-Site Operations Manager 02/20	\$ 5,386.19

Trails Community Development District

Paid Operation & Maintenance Expenditures

February 1, 2020 Through February 29, 2020

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Vesta Property Services, Inc.	002010	365324	Pressure Clean Playground and Repair	\$ 650.00
Vesta Property Services, Inc.	002018	366020	Broken planks 01/20 Billage Mileage 01/20	\$ 12.48
Vesta Property Services, Inc.	002020	366219	Pump Repair 02/20	\$ 352.50
WebWatchdogs Tylex Enterprise, LLC	002021	6016	Replacement DVR 02/20	<u>\$ 1,281.75</u>
Report Total				<u>\$ 24,008.22</u>

TRAILS COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 2806 N. FIFTH STREET · UNIT 403 · ST. AUGUSTINE, FLORIDA 32084

Operation and Maintenance Expenditures Presented For Board Approval March 2020

Attached please find the check register listing the Operation and Maintenance expenditures paid from March 1, 2020 through March 31, 2020. This does not include expenditures previously approved by the Board.

The total items being presented: **\$22,265.83**

Approval of Expenditures:

_____Chairperson

_____Vice Chairperson

_____Assistant Secretary

Trails Community Development District

Paid Operation & Maintenance Expenditures

March 1, 2020 Through March 31, 2020

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Douglas Pope	002039	DP03102020	Board of Supervisors Meeting 03/10/2020	\$ 200.00
Mark C. Dearing	002034	MD03102020	Board of Supervisors Meeting 03/10/2020	\$ 200.00
Melvin Brown	002033	MB03102020	Board of Supervisors Meeting 03/10/2020	\$ 200.00
Terence William Douglas	002035	TD03102020	Board of Supervisors Meeting 03/10/2020	\$ 200.00
Wanda Ivette Johnson	002038	WJ03102020	Board of Supervisors Meeting 03/10/2020	\$ 200.00
Brightview Landscape Services, Inc.	002041	6736329	Landscape Maintenance 03/20	\$ 5,625.00
Comcast	002024	8495 74 120 1695610 02/20	15431 Spotted Stallion Trail 02/20	\$ 263.25
Daily Record & Observer, LLC	002032	20-01523D	Legal Advertisment 02/25/20	\$ 83.00
Dunn & Associates, Inc.	002029	20-204	Engineering Services Since 02/07/2020	\$ 978.75
Future Horizons, Inc.	002030	62015	Aquatic Weed Control 02/20	\$ 852.40
Future Horizons, Inc.	002036	62155	Quarterly Fountain Maintenance 02/20	\$ 250.00
Hopping Green & Sams	002031	113177	General Legal Services 01/20	\$ 403.00
Innersync Studio, Ltd dba. Campus Suite	002023	17935	Website Service ADA Compliance 10/19	\$ 384.38

Trails Community Development District

Paid Operation & Maintenance Expenditures

March 1, 2020 Through March 31, 2020

Vendor Name	Check Number	Invoice Number	Invoice Description	Invoice Amount
JEA	002037	0715007480	Utility Summary 02/20	\$ 1,802.04
		02/20		
Poolsure	002025	131295591343	Monthly Pool Chemicals 03/20	\$ 691.59
Republic Services #687	002022	0687-001038730	Monthly Trash Removal 03/20	\$ 155.04
Republic Services #687	002042	0687-001045802	Monthly Trash Removal 04/20	\$ 153.69
Rizzetta & Company, Inc.	002026	INV0000047392	District Management Services 03/20	\$ 4,887.50
Rizzetta Technology	002027	INV0000005609	Website & EMail Hosting Services 03/20	\$ 100.00
Services, LLC				
Vesta Property Services, Inc.	002040	366343	On-Site Operations Manager 03/20	\$ 5,386.19
WebWatchdogs Tylex	002043	6088	Warranty 03/20	\$ 250.00
Enterprise, LLC				
Report Total				<u>\$ 22,265.83</u>

Tab 2

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.

**TRAILS
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Trails Community Development District was held on **Tuesday, March 10, 2020 at 1:00 p.m.** at the Winchester Ridge Amenity Center, located at 15431 Spotted Stallion Trail, Jacksonville, Florida 32234.

Present and constituting quorum include:

Mark Dearing	Board Supervisor, Chairman
Terence Douglas	Board Supervisor, Vice Chairman
Douglas Pope	Board Supervisor, Assistant Secretary
Wanda Johnson	Board Supervisor, Assistant Secretary
Melvin Brown	Board Supervisor, Assistant Secretary

Also present were:

Lesley Gallagher	District Manager, Rizzetta & Company, Inc.
Melissa Dobbins	District Manager, Rizzetta & Company, Inc.
Katie Buchanan	District Counsel, Hopping Green & Sams
	(Via Speakerphone)
Brian Parks	Amenity Manager, Vesta Inc.
Jason Davidson	Representative, Vesta, Inc.
Rodney Hicks	Branch Manager, BrightView
James Knight	Design Architect/Enhancement Manager, BrightView

Audience Members

FIRST ORDER OF BUSINESS**Call to Order**

Ms. Gallagher called the meeting to order at 1:00 p.m. and read roll call.

SECOND ORDER OF BUSINESS**Audience Comments on Agenda Items**

There were no audience member comments.

THIRD ORDER OF BUSINESS**Ratification of the Operation and
Maintenance Expenditures for
December 2019 and January 2020**

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board ratified the Operation and Maintenance Expenditures for December 2019 in the amount of \$33,425.16 and January 2020 in the amount of \$27,442.10 for Trails Community Development District.

FOURTH ORDER OF BUSINESS**Consideration of the Minutes of the
Board of Supervisors' Regular
Meeting held January 14, 2020**

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board approved of the Board of Supervisors' Regular Meeting held January 14, 2020 for Trails Community Development District.

FIFTH ORDER OF BUSINESS**Staff Reports**

A. District Counsel
Ms. Buchanan did not have any report but was available to answer any questions.

B. District Engineer
1.) Acceptance of Annual Engineer's Report

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board accepted the Annual Engineer's report dated February 14, 2020 for Trails Community Development District.

i. Review of Report Repair Memorandum
The Board reviewed the repair memorandum associated with the Annual Engineer's Report.
Discussion ensued.

ii. *Consideration of Repair Proposals (Under Separate Cover)*
The Board reviewed a proposal from BrightView (Exhibit A) for erosion repairs required in the repair memorandum.

Ms. Gallagher noted that the District Engineer had reviewed this proposal and had noted that the scope was in line with their report recommendations. He did note that they did not have the measurements of square footage of sod or cubic yards for material but recommended requesting the Board approve a not to exceed amount and measure square footage upon completion. He also recommended

removing the concrete work for pond #17 and continuing to monitor this as the report noted.

Ms. Gallagher confirmed with BrightView that they had completed similar types of repairs in other communities and had the equipment for this scope. She also noted the District Engineer would inspect any completed work and a 4-1 scope needed to be attained and that work should be completed prior the rainy season.

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board approved a cost not to exceed \$13,659.00 which included removing the pond #17 work from the original proposed amount of \$14,188.00 for Trails Community Development District.

C. Amenity Manager

Mr. Parks noted that he needed some direction on items that DR Horton was initially going to be completing at the facility. Mr. Dearing explained that he had received an update from James Teagle and that at this time it may be most efficient for Mr. Parks to coordinate the work and bill DR Horton.

Mr. Parks was going to obtain pricing on pressure washing, bridge staining, amenity center painting and gym floor replacement and forward to James Teagle with DR Horton.

D. Landscape Manager

1.) BrightView Quality Assessment Report, March 3, 2020

Mr. Hicks provided a brief update and reviewed the quality assessment report found under Tab 5 of the agenda.

E. District Manager

Ms. Gallagher updated the Board that 11 of the 30 ponds at Trails required some form of treatment in February, 4 due to algae. She also noted that Rizzetta was currently waiting on a draft of the audit and would forward to the Chairman once the final audit was released due to the March filing deadline.

On a motion by Mr. Douglas, seconded by Ms. Johnson, with all in favor, the Board authorized the Chairman to review and approve the final audit between meetings for Trails Community Development District.

Ms. Gallagher noted that the next meeting is scheduled for April 14, 2020 at 6:00 p.m.

SIXTH ORDER OF BUSINESS

Public Hearing on Amended Rules of Procedure

1.) Consideration of Resolution 2020-03, Adopting Amended Rules of Procedure

On a motion by Mr. Dearing, seconded by Mr. Douglas with all in favor, the Board opened the Public Hearing for Trails Community Development District.

Ms. Buchanan reviewed that the revised rules were in response to recent legislative changes. There were no public comments.

On a motion by Mr. Dearing seconded by Mr. Douglas, with all in favor, the Board closed the Public Hearing for Trails Community Development District.

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board adopted Resolution 2020-03 and the Revised Rules of Procedure for Trails Community Development District.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2020-04, Conducting the General Election

Ms. Gallagher reviewed that there would be 3 seats going through the General Election in November which are currently held by Mr. Dearing, Mr. Pope and Ms. Johnson. She Announced that the qualification period is 12:00pm June 8, 2020 until 12:00pm June 12, 2020 and noted that anyone interested in qualifying should contact the Duval County Supervisor of Elections office.

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board adopted Resolution 2020-04, Conducting the General Election for Trails Community Development District.

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2020-05, Adopting Internal Controls Policy

Ms. Buchanan reviewed that this resolution was also in response to legislature changes and was being presented to all CDD's that she works with not only Trails.

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board adopted Resolution 2020-05, Adopting Internal Controls Policy for Trails Community Development District.

NINTH ORDER OF BUSINESS

***Consideration of WebWatchdogs
Extended Warranty Proposal (Under
Separate Cover)***

On a motion by Mr. Dearing seconded by Mr. Douglas, with all in favor, the Board Approved the extended warranty proposal from WebWatchDogs (Exhibit B) in the amount of \$250.00 for Trails Community Development District.

TENTH ORDER OF BUSINESS

Supervisor Requests

No Supervisor comments.

ELEVENTH ORDER OF BUSINESS

Audience Comments

A representative from the library presented information available to residents.

TWELFTH ORDER OF BUSINESS

Adjournment

On a motion by Mr. Dearing, seconded by Mr. Douglas, with all in favor, the Board adjourned the meeting at 1:24 p.m. for Trails Community Development District.

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Secretary/Assistant Secretary

Chairman/Vice Chairman

Exhibit A

Proposal for Extra Work at Trails Community Development D

Property Name	Trails Community Development D	Contact	Lesley Gallagher
Property Address	15431 Spotted Stallion Trail Jacksonville, FL 32234	To	Trails Community Development District
		Billing Address	c/o Rizzetta & Co 2806 N 5th St Unit 403 St Augustine, FL 32084

Project Name Trails CDD: Redo Pond Banks and Concrete Drains per Inspection Sheet Provided By Dunn and Assoc

Project Description Landscape Enhancements 3.6.19

Scope of Work

QTY	UoM/Size	Material/Description	Unit Price	Total
Pond# 17:			Subtotal	\$529.00
1.00	LUMP SUM	Labor and material to Repair Crakes in Weir. Dipsatch of crew.		
Pond #18:			Subtotal	\$1,322.00
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
800.00	SQUARE FEET	Bahia Sod - Installed		
2.00	CUBIC YARD	Fill Dirt - Installed		
Pond #19:			Subtotal	\$2,524.00
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
1,600.00	SQUARE FEET	Bahia Sod - Installed		
6.00	CUBIC YARD	Fill Dirt - Installed		
Pond #22:			Subtotal	\$748.00
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
200.00	SQUARE FEET	Bahia Sod - Installed		
1.00	CUBIC YARD	Fill Dirt - Installed		
1.00	CUBIC YARD	57 Stone - Installed (To Prevent Further wash out)		
Pond #23:			Subtotal	\$277.75
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
100.00	SQUARE FEET	Bahia Sod - Installed		
0.25	CUBIC YARD	Fill Dirt - Installed		
Pond #24:			Subtotal	\$296.50
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
100.00	SQUARE FEET	Bahia Sod - Installed		
0.50	CUBIC YARD	Fill Dirt - Installed		

THIS IS NOT AN INVOICE

This proposal is valid for 60 days unless otherwise approved by BrightView Landscape Services, Inc.
11530 Davis Creek Court, Jacksonville, FL 32256 ph. (904) 292-0716 fax (904) 292-1014

Proposal for Extra Work at Trails Community Development D

Pond #25:			Subtotal	\$736.00
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
400.00	SQUARE FEET	Bahia Sod - Installed		
2.00	CUBIC YARD	Fill Dirt - Installed		
Pond #26:			Subtotal	\$1,923.00
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
1,200.00	SQUARE FEET	Bahia Sod - Installed		
4.00	CUBIC YARD	Fill Dirt - Installed		
Pond #28:			Subtotal	\$4,972.00
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
2,800.00	SQUARE FEET	Bahia Sod - Installed		
12.00	CUBIC YARD	Fill Dirt - Installed		
3.00	CUBIC YARD	57 Stone - Installed (To Prevent Further wash out)		
Winding Mare Blvd. :			Subtotal	\$198.75
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
0.25	CUBIC YARD	Fill Dirt - Installed		
Hidden Foal Drive @ Pond #24:			Subtotal	\$661.00
1.00	LUMP SUM	Prep Area for Installation of Sod and Dirt. Grade out any washouts. Dispatch of Crews.		
400.00	SQUARE FEET	Bahia Sod - Installed		
1.00	CUBIC YARD	Fill Dirt - Installed		

For internal use only

SO# 7161776
JOB# 346100459
Service Line 130

Total Price \$14,188.00

THIS IS NOT AN INVOICE

This proposal is valid for 60 days unless otherwise approved by BrightView Landscape Services, Inc.
11530 Davis Creek Court, Jacksonville, FL 32256 ph. (904) 292-0716 fax (904) 292-1014

TERMS & CONDITIONS

1. The Contractor shall recognize and perform in accordance with written terms, written specifications and drawings only, contained or referred to herein. All materials shall conform to bid specifications.
2. **Work Force:** Contractor shall designate a qualified representative with experience in landscape maintenance/construction upgrades or when applicable in tree management. The workforce shall be competent and qualified, and shall be legally authorized to work in the U.S.
3. **License and Permits:** Contractor shall maintain a Landscape Contractor's license, if required by State or local law, and will comply with all other license and permit requirements of the City, State and Federal Governments, as well as all other requirements of law.
4. **Taxes:** Contractor agrees to pay all applicable taxes, including sales tax where applicable on material supplied.
5. **Insurance:** Contractor agrees to provide General Liability Insurance, Automotive Liability Insurance, Worker's Compensation Insurance, and any other insurance required by law or Client/Owner, as specified in writing prior to commencement of work. If not specified, Contractor will furnish insurance with \$1,000,000 limit of liability.
6. **Liability:** Contractor shall indemnify the Client/Owner and its agents and employees from and against any third party liabilities that arise out of Contractor's work to the extent such liabilities are adjudicated to have been caused by Contractor's negligence or willful misconduct. Contractor shall not be liable for any damage that occurs from Acts of God as defined as those caused by windstorm, hail, fire, flood, earthquake, hurricane and freezing, etc. Under these circumstances, Contractor shall have the right to renegotiate the terms and prices of this agreement within sixty (60) days. Any illegal trespass, claims and/or damages resulting from work requested that is not on property owned by Client/Owner or not under Client/Owner management and control shall be the sole responsibility of the Client/Owner.
7. **Subcontractors:** Contractor reserves the right to hire qualified subcontractors to perform specialized functions or work requiring specialized equipment.
8. **Additional Services:** Any additional work not shown in the above specifications involving extra costs will be executed only upon signed written orders, and will become an extra charge over and above the estimate.
9. **Access to Jobsite:** Client/Owner shall provide all utilities to perform the work. Client/Owner shall furnish access to all parts of jobsite where Contractor is to perform work as required by the Contract or other functions related thereto, during normal business hours and other reasonable periods of time. Contractor will perform the work as reasonably practical after the owner makes the site available for performance of the work.
10. **Invoicing:** Client/Owner shall make payment to Contractor within fifteen (15) days upon receipt of invoice. In the event the schedule for the completion of the work shall require more than thirty (30) days, a progress bill will be presented by month end and shall be paid within fifteen (15) days upon receipt of invoice.
11. **Termination:** This Work Order may be terminated by the either party with or without cause, upon seven (7) work days advance written notice. Client/Owner will be required to pay for all materials purchased and work completed to the date of termination and reasonable charges incurred in demobilizing.
12. **Assignment:** The Owner/Client and the Contractor respectively, bind themselves, their partners, successors, assignees and legal representative to the other party with respect to all covenants of this Agreement. Neither the Owner/Client nor the Contractor shall assign or transfer any interest in this Agreement without the written consent of the other provided, however, that consent shall not be required to assign this Agreement to any company which controls, is controlled by, or is under common control with Contractor or in connection with assignment to an affiliate or pursuant to a merger, sale of all or substantially all of its assets or equity securities, consolidation, change of control or corporate reorganization.
13. **Disclaimer:** This proposal was estimated and priced based upon a site visit and visual inspection from ground level using ordinary means, at or about the time this proposal was prepared. The price quoted in this proposal for the work described, is the result of that ground level visual inspection and therefore our company will not be liable for any additional costs or damages for additional work not described herein, or liable for any incidents/accidents resulting from conditions, that were not ascertainable by said ground level visual inspection by ordinary means at the time said inspection was performed. Contractor cannot be held responsible for unknown or otherwise hidden defects. Any corrective work proposed herein cannot guarantee exact results. Professional engineering, architectural, and/or landscape design services ("Design Services") are not included in this Agreement and shall not be provided by the Contractor. Any design defects in the Contract Documents are the sole responsibility of the Owner. If the Client/Owner must engage a licensed engineer, architect and/or landscape design professional, any costs concerning these Design Services are to be paid by the Client/Owner directly to the designer involved.

14. **Cancellation:** Notice of Cancellation of work must be received in writing before the crew is dispatched to their location or Client/Owner will be liable for a minimum travel charge of \$150.00 and billed to Client/Owner.

The following sections shall apply where Contractor provides Customer with tree care services:

15. **Tree & Stump Removal:** Trees removed will be cut as close to the ground as possible based on conditions to or next to the bottom of the tree trunk. Additional charges will be levied for unseen hazards such as, but not limited to concrete brick filled trunks, metal rods, etc. If requested mechanical grinding of visible tree stump will be done to a defined width and depth below ground level at an additional charge to the Client/Owner. Defined backfill and landscape material may be specified. Client/Owner shall be responsible for contacting Underground Service Alert to locate underground utility lines prior to start of work. Contractor is not responsible damage done to underground utilities such as but not limited to, cables, wires, pipes, and irrigation parts. Contractor will repair damaged irrigation lines at the Client/Owner's expense.
16. **Waiver of Liability:** Requests for crown thinning in excess of twenty-five percent (25%) or work not in accordance with ISA (International Society of Arboricultural) standards will require a signed waiver of liability.

Acceptance of this Contract

Contractor is authorized to perform the work stated on the face of this Contract. Payment will be 100% due at time of billing. If payment has not been received by BrightView within fifteen (15) days after billing, BrightView shall be entitled to all costs of collection, including reasonable attorneys' fees and it shall be relieved of any obligation to continue performance under this or any other Contract with Client/Owner. Interest at a per annum rate of 1.5% per month (18% per year), or the highest rate permitted by law, may be charged on unpaid balance 30 days after billing.

NOTICE: FAILURE TO MAKE PAYMENT WHEN DUE FOR COMPLETED WORK ON CONSTRUCTION JOBS, MAY RESULT IN A MECHANIC'S LIEN ON THE TITLE TO YOUR PROPERTY

Customer

District Manager

Signature

Title

Lesley Gallagher

March 06, 2020

Printed Name

Date

BrightView Landscape Services, Inc. "BrightView"

Enhancement Manager

Signature

Title

James Chadwick Knight

March 06, 2020

Printed Name

Date

Job #: 346100459

Proposed Price: \$14,188.00

SO # 7161776

Exhibit B

WEBWATCHDOGS

SURVEILLANCE CAMERA SYSTEMS

Extended Warranty Quote

1 Hargrove Grade Suite 1A
Palm Coast, FL 32137
386-957-9339
www.WebWatchdogs.net
info@webwatchdogs.net
Florida Contractor License
#ES12000771

Date	Quote #
3/5/2020	5255
Name / Address	
RIZZETTA & COMPANY, INC. Trails CDD- Winchester Ridge 2806 N. 5th St., Unit 403 St. Augustine, FL 32084	

Description	Qty	Cost	Total
Extended Warranty Option- Cameras ***Warranty Expires 3/20/2020***	1	250.00	250.00T
1 Year Extended Warranty on Camera Parts, Labor and Equipment All products are warranted for 1 year from date of purchase. If a product is defective we will repair or replace it. The following situations void the product warranty: Adding 3rd party software to a DVR without prior approval from our technical support department. Damage caused by nature such as flooding, winds, lightning and other similar events. Damage caused by vandalism. Network related issues involving your internet service provider (i.e. new modem, change of internet provider, etc.) Warranty Service Calls will be addressed within a 1-5 day time frame. After 1 year (outside of the warranty, if not extended), we will continue to support the product at the standard repair labor rate (currently \$99 per hour-minimum 2 hours) plus parts, if applicable, or phone technical support for \$65.00/hour. Out of warranty repairs are guaranteed for 30 days. Phone support is non-refundable.		Subtotal	\$250.00
		Sales Tax (0.0%)	\$0.00
		Total	\$250.00
Signature _____			

Tab 3

RESOLUTION 2020-06

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

WHEREAS, the Trails 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 Duval County, Florida; and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS
OF THE TRAILS 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 11TH DAY OF MAY, 2020.

**TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

CHAIRMAN/VICE CHAIRMAN

ATTEST:

ASSISTANT SECRETARY

Tab 4

RESOLUTION 2020-07

A RESOLUTION OF THE BOARD OF SUPERVISORS OF TRAILS COMMUNITY DEVELOPMENT DISTRICT AMENDING RESOLUTION 2006-23 DESIGNATING THE AUTHORIZED SIGNATORIES FOR THE DISTRICT'S OPERATING BANK ACCOUNT(S), AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, Trails Community Development District ("District") is a local unit of special-purpose government created and existing pursuant to Chapter 190, *Florida Statutes*, being situated entirely within Duval County, Florida; and

WHEREAS, the Board of Supervisors of the District ("Board") previously adopted Resolution 2006-23 which designated the authorized signatories for the District's operating bank account(s); and

WHEREAS, the Board desires to amend Resolution 2006-23 include the Assistant Treasurer as an authorized signatory for the operating bank account(s).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF TRAILS COMMUNITY DEVELOPMENT DISTRICT THAT:

Section 1. Resolution 2006-23 is hereby amended to include the Assistant Treasurer as an authorized signatory for the operating bank account(s) of the District.

Section 2. All other provisions of Resolution 2006-23 shall remain unchanged and in full force and effect.

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

PASSED AND ADOPTED this 11th day of May, 2020.

ATTEST:

**TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

Secretary/Assistant Secretary

Chairman/Vice Chairman, Board of
Supervisors

Tab 5

To the Board of Supervisors
Trails Community Development District

We have audited the financial statements of Trails Community Development District as of and for the year ended September 30, 2019, and have issued our report thereon dated March 30, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 18, 2019, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 30, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. There was no effect on beginning net position. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of depreciation is based on the estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate for the allowance for doubtful accounts is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures are:

Notes 5 and 6, detailing the non-payment of debt and SPE, respectively.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter March 30, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Board of Supervisors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

McDermitt Davis

Orlando, Florida
March 30, 2020

TRAILS COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 2806 N. FIFTH AVENUE, UNIT 403 · ST. AUGUSTINE, FLORIDA 32084 · (904) 436-6270

March 30, 2020

McDermitt Davis & Company, LLC
934 North Magnolia Ave., Suite 100
Orlando, FL 32803

This representation letter is provided in connection with your audit of the governmental activities and each major fund of Trails Community Development District as of September 30, 2019 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, and results of operations of the various opinion units of Trails Community Development District in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 30, 2020.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 18, 2019 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- There is no summary of unrecorded misstatements since all adjustments proposed by the auditor, material and immaterial, have been recorded.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.

- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- We have reviewed capital assets and infrastructure for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment, if necessary.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to nonattest services provided, drafting the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.

- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Trails Community Development District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Trails Community Development District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70. *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the District will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Trails Community Development District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Signed: Kaitlyn Gallant

Title: Manager, District Accounting Services

Financial Statements

September 30, 2019

**Trails Community
Development District**

	<u>Page</u>
I. Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	12
Notes to Financial Statements	13
II. Compliance Section:	
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>	22
Management Comments	24
Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	28
Response to the Management Comments	29

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Trails Community Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Trails Community Development District* (the "District"), as of and for the year ended September 30, 2019, and the related notes to 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

The District's 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 principles 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, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, 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 Information

As discussed in Notes 5 and 6, the District's financial condition has deteriorated. Due to the deteriorating financial condition, there were insufficient funds to operate the District. As a result, certain scheduled debt service payments in prior years were not made when due. As a result of these events, the District failed to make certain scheduled debt service payments in the 2009 through 2014 fiscal years. Beginning in 2014, the District was being funded, in part, by the SPE for its operation and maintenance expenditures. During the prior fiscal year, the SPE was dissolved and the unplatted land sold to a developer.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
March 30, 2020

Our discussion and analysis of the *Trails Community Development District's* (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2019. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Financial Highlights

- The liabilities of the District exceeded its assets at September 30, 2019 by \$6,594,446, a decrease in the net position of \$96,444 in comparison with the prior year.
- At September 30, 2019, the District's governmental funds reported fund balances of \$(2,772,900), a decrease of \$6,209 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *Trails Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the three 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 special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government, maintenance and operations, and culture and recreation related 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.

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 government'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 individual governmental funds. 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, debt service fund, and capital projects fund 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 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

Statement of Net Position

The District's net position was \$(6,594,446) at September 30, 2019. The analysis that follows focuses on the net position of the District's governmental activities.

	2019	2018
Assets, excluding capital assets	\$ 1,743,648	\$ 1,938,080
Capital Assets, being depreciated, net	4,274,496	4,614,731
Total assets	6,018,144	6,552,811
Liabilities, excluding long-term liabilities	4,722,590	4,910,813
Long-term liabilities	7,890,000	8,140,000
Total liabilities	12,612,590	13,050,813
Net Position:		
Net investment in capital assets	(1,143,392)	(803,157)
Restricted for capital projects	-	569
Unrestricted	(5,451,054)	(5,695,414)
Total net position	\$ (6,594,446)	\$ (6,498,002)

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2019 and 2018.

	2019	2018
Revenues:		
Program revenues	\$ 1,032,356	\$ 903,986
General revenues	3,632	1,562
Total revenues	1,035,988	905,548
Expenses:		
General government	102,428	109,859
Maintenance and operations	410,426	391,582
Culture and recreation	125,078	116,060
Interest on long-term debt	494,500	494,500
Total expenses	1,132,432	1,112,001
Change in net position	(96,444)	(206,453)
Net position, beginning	(6,498,002)	(6,291,549)
Net position, ending	\$ (6,594,446)	\$ (6,498,002)

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2019 was \$1,132,432. The majority of these costs are maintenance and operations and interest on long-term debt.

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2019, the District's governmental funds reported combined ending fund balances of \$(2,772,900). Of this total, \$12,503 is nonspendable, and \$(2,785,403) is unassigned.

The fund balance of the general fund increased by \$87,912 in the current year due to an increase in assessments received and a decrease in actual expenditures. The fund balance of the debt service fund decreased by \$93,552 in the current year due to delinquent debt service assessments. The fund balance in the capital projects fund did not change significantly.

General Fund Budgetary 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. There were no budget amendments to the September 30, 2019 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2019, the District had \$4,274,496 invested in capital assets. More detailed information about the District's capital assets is presented in the notes to financial statements.

Capital Debt

At September 30, 2019, the District had \$9,200,000 in bonds outstanding, including matured bonds payable of \$1,310,000. More detailed information about the District's capital debt is presented in the notes to financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the *Trails Community Development District's* Finance Department at 12750 Citrus Park Lane, Suite 115, Tampa, Florida 33625.

FINANCIAL STATEMENTS

Trails Community Development District
Statement of Net Position
September 30, 2019

	Governmental Activities
Assets:	
Cash	\$ 495,151
Prepaid costs	12,503
Other receivables	191
Restricted assets:	
Temporarily restricted investments	1,235,803
Capital Assets:	
Capital assets being depreciated, net	4,274,496
Total assets	6,018,144
Liabilities:	
Accounts payable and accrued expenses	18,488
Accrued interest payable	206,042
Matured bonds payable	1,310,000
Matured interest payable	3,188,060
Noncurrent liabilities:	
Due within one year	265,000
Due in more than one year	7,625,000
Total liabilities	12,612,590
Net Position:	
Net investment in capital assets	(1,143,392)
Unrestricted	(5,451,054)
Total net position	\$ (6,594,446)

Trails Community Development District
Statement of Activities
Year Ended September 30, 2019

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 102,428	\$ 60,605	\$ -	\$ -	\$ (41,823)
Maintenance and operations	410,426	242,842	-	-	(167,584)
Culture and recreation	125,078	74,007	-	-	(51,071)
Interest on long-term debt	494,500	624,284	30,610	8	160,402
Total governmental activities	\$ 1,132,432	\$ 1,001,738	\$ 30,610	\$ 8	(100,076)
General Revenues:					
Miscellaneous income					3,632
Total general revenues					3,632
Change in net position					(96,444)
Net position, beginning					(6,498,002)
Net position, ending					\$ (6,594,446)

Trails Community Development District
Balance Sheet
Governmental Funds
September 30, 2019

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets:				
Cash	\$ 495,151	\$ -	\$ -	\$ 495,151
Investments	-	1,235,803	-	1,235,803
Other receivables	124	67	-	191
Due from other funds	-	13	-	13
Prepaid costs and deposits	12,503	-	-	12,503
Total assets	\$ 507,778	\$ 1,235,883	\$ -	\$ 1,743,661
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 18,488	\$ -	\$ -	\$ 18,488
Due to other funds	13	-	-	13
Matured bonds payable	-	1,310,000	-	1,310,000
Matured interest payable	-	3,188,060	-	3,188,060
Total liabilities	18,501	4,498,060	-	4,516,561
Fund Balances:				
Nonspendable	12,503	-	-	12,503
Unassigned	476,774	(3,262,177)	-	(2,785,403)
Total fund balances	489,277	(3,262,177)	-	(2,772,900)
Total liabilities, deferred inflows and fund balances	\$ 507,778	\$ 1,235,883	\$ -	

Amounts reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 4,274,496

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Accrued interest payable	(206,042)	
Bonds payable	(7,890,000)	(8,096,042)
Net position of governmental activities (page 7)		\$ (6,594,446)

Trails Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2019

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Special assessments	\$ 377,454	\$ 524,284	\$ -	\$ 901,738
Special assessments-prepayments	-	100,000	-	100,000
Investment and other income	3,632	30,610	8	34,250
Total revenues	381,086	654,894	8	1,035,988
Expenditures:				
Current:				
General government	97,905	4,523	-	102,428
Maintenance and operations	117,225	-	-	117,225
Culture and recreation	78,044	-	-	78,044
Debt service:				
Interest	-	494,500	-	494,500
Principal	-	250,000	-	250,000
Total expenditures	293,174	749,023	-	1,042,197
Excess (Deficit) of Revenues Over Expenditures	87,912	(94,129)	8	(6,209)
Other Financing Sources (Uses):				
Transfers in	-	577	-	577
Transfers out	-	-	(577)	(577)
Total other financing sources (uses)	-	577	(577)	-
Net change in fund balances	87,912	(93,552)	(569)	(6,209)
Fund balances, beginning of year	401,365	(3,168,625)	569	(2,766,691)
Fund balances, end of year	\$ 489,277	\$ (3,262,177)	\$ -	\$ (2,772,900)

Trails Community Development District
**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**
Year Ended September 30, 2019

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

Net Change in Fund Balances - total governmental funds (page 10)	\$	(6,209)
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Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.		(340,235)
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Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.		250,000
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Change in Net Position of Governmental Activities (page 8)	\$	(96,444)
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Trails Community Development District
Statement of Revenues, Expenditures and Changes in
Fund Balance Budget and Actual – General Fund
Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ 377,294	\$ 377,294	\$ 377,454	\$ 160
Investment and other Income	-	-	3,632	3,632
Total revenues	377,294	377,294	381,086	3,792
Expenditures:				
Current:				
General government	115,740	115,740	97,905	17,835
Physical environment	107,937	107,937	117,225	(9,288)
Culture and recreation	96,617	96,617	78,044	18,573
Capital outlay	57,000	57,000	-	57,000
Total expenditures	377,294	377,294	293,174	84,120
Net change in fund balance	-	-	87,912	87,912
Fund balances, beginning of year	401,365	401,365	401,365	-
Fund balances, end of year	\$ 401,365	\$ 401,365	\$ 489,277	\$ 87,912

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Trails Community Development District, (the "District") was established on September 12, 2006 by Ordinance 2006-861-E of the City of Jacksonville, 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, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose 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 (the "Board"), which is composed of five members. One Supervisor was elected on an at large basis by the landowners of the District. At September 30, 2019, one of the Board members was affiliated with D.R. Horton, Inc. - Jacksonville (the "Developer") and three are residents of the District. The Board exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has final 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 GASB Statements 14, 39 and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors 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. Management has determined that there are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Government-Wide and Fund Financial Statements

The 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, 2) grants, contributions and investment earnings that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). 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 recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on certain lands located within the District and benefited by the District's activities. Operation and maintenance special assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon certain benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund

Is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund

Accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund

Accounts for 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Restricted Assets

These assets represent cash and investments set aside pursuant to bond covenants.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes.

Receivables

All receivables are shown net of allowance for uncollectible accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column 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 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. Capital assets of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Stormwater System	25
Recreation Facility	20
Equipment	5-10

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 using the straight-line method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 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. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2019.

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. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2019.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

New Accounting Standards

In fiscal year 2019, the District implemented Government Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Payments*. This statement requires additional note disclosures for certain debt issues. There was no effect on beginning balances of the District.

Additionally, the GASB has issued Statement No. 83, *Certain Asset Retirement Obligations* that is effective for this fiscal year. The District has reviewed this statement and determined that this pronouncement has no discernable impact on these financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

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

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. A public hearing is conducted to obtain comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes in the aggregate exceeding 10% must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Deficit Fund Balance

At September 30, 2019, the District had a deficit fund balance of \$3,262,177 in the debt service fund.

NOTE 3 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 categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The District's investment policy is governed by State Statutes and the District Trust Indenture. The District investment policy allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized District investments include, but are not limited to:

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

Investments made by the District at September 30, 2019 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
US Bank Money Market	<u>\$ 1,235,803</u>	N/A	N/A

Credit Risk:

The District's investment policy limits credit risk by restricting authorized investments to those described. Investments in U.S. Government securities and agencies must be backed by the full faith and credit of the United States Government. Short term bond funds shall be rated by a nationally recognized ratings agency and shall maintain the highest credit quality rating.

Custodial Credit Risk:

In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2019, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2019, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

The District's investment policy does not specify limits on the amount the District may invest in any one issuer.

Interest Rate Risk:

The District's investment policy does not specifically address interest rate risk; however, the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

NOTE 4 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Stormwater system	\$ 7,266,354	\$ -	\$ -	\$ 7,266,354
Recreation facility	940,672	-	-	940,672
Equipment	29,325	-	-	29,325
Total capital assets being depreciated	<u>8,236,351</u>	<u>-</u>	<u>-</u>	<u>8,236,351</u>
Less Accumulated Depreciation for:				
Stormwater system	(3,197,194)	(290,654)	-	(3,487,848)
Recreation facility	(399,788)	(47,034)	-	(446,822)
Equipment	(24,638)	(2,547)	-	(27,185)
Total accumulated depreciation	<u>(3,621,620)</u>	<u>(340,235)</u>	<u>-</u>	<u>(3,961,855)</u>
Total capital assets being depreciated, net	<u>4,614,731</u>	<u>(340,235)</u>	<u>-</u>	<u>4,274,496</u>
Governmental activities capital assets, net	<u>\$ 4,614,731</u>	<u>\$ (340,235)</u>	<u>\$ -</u>	<u>\$ 4,274,496</u>

Depreciation expense for 2019 in the amount of \$293,201 was charged to maintenance and operations and \$47,034 was charged to recreation.

NOTE 5 LONG-TERM LIABILITIES

Series 2007 Bonds

In January 2007, the District issued \$10,935,000 of Series 2007 Special Assessment Bonds due on May 1, 2038 at a fixed interest rate of 5.375%. The Bonds were issued to retire all of the District's outstanding Special Assessment Bond Anticipation Notes, Series 2006; finance a portion of the costs of the Series 2007 Project and pay the costs of issuance of the Series 2007 Bonds. Interest is to be paid semi-annually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2009 through May 1, 2038.

The Bonds are subject to redemption at the option of the District prior to maturity. The Bonds are also subject to 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. In an event of default, Bondholders may take all legal remedies, including declaring all bonds due and payable.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to apply 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 not in compliance with the reserve requirement at September 30, 2019.

During previous years, the Developer and landowners failed to pay their share of assessments. As a result, the land with delinquent assessments was transferred to the SPE created by the Trustee and debt service assessments on the property will be abated until the property is subsequently sold. As a result of these events, the District was unable to make certain scheduled debt service payments in the 2009 through 2014 fiscal years. During a previous fiscal year, the Trustee utilized funds accumulated in the bond redemption and prepayment accounts to pay previous amounts owed for principal (\$815,000) and interest (\$209,625) and to pay down the Bonds by \$485,000.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The District adopted Resolution 2019-01 and is currently in process of having the Developer turn in all outstanding bonds equal to the delinquent assessments on the unplatted land acquired from the SPE.

During the current fiscal year, the District was unable to pay the current debt service requirements when due. The amounts of \$250,000 principal due and \$494,500 interest due were included in matured bonds and matured interest payable. During the year, \$942,627 of past due interest was paid. The total of past due debt service requirements at September 30, 2019 was \$1,310,000 of matured bonds and \$3,188,060 of matured interest payable which have been included in the accompanying government-wide and fund financial statements.

As of September 30, 2019, total principal and interest remaining on the 2007 Bonds amounts to \$18,402,416, which includes matured bonds payable of \$1,310,000 and matured interest payable of \$3,188,060. For the year ended September 30, 2019, total special assessment revenue pledged was \$624,284.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Series 2007	\$ 8,140,000	\$ -	\$ (250,000)	\$ 7,890,000	\$ 265,000
Governmental activity long-term liabilities	<u>\$ 8,140,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ 7,890,000</u>	<u>\$ 265,000</u>

At September 30, 2019, the schedule of debt service requirements on the bonds payable was as follows, excluding amounts owed for matured bonds and matured interest that are shown as currently due in the government-wide and fund financial statements.

	<u>Governmental Activities</u>	
<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 265,000	\$ 494,500
2021	280,000	480,256
2022	295,000	465,206
2023	310,000	449,350
2024	325,000	432,688
2025 - 2029	1,925,000	1,879,906
2030 - 2034	2,515,000	1,303,169
2035 - 2038	1,975,000	509,281
	<u>\$ 7,890,000</u>	<u>\$ 6,014,356</u>

NOTE 6 RELATED PARTIES

Bond Default and Special Purpose Entity:

The Developer owns a significant portion of land within the District; therefore, assessment revenue in the general and debt service funds include the assessments levied on those lots owned by the Developer. During previous fiscal years, the Developer and a major landowner, BSHW Winchester Ridge, did not pay a significant portion of their assessments. As a result, BSHW Winchester Ridge, LLC, a former significant landowner, sold all of its assessable property within the District's boundaries back to the Developer. The assessable property included an area of platted lots and an area of unplatted land. In a prior fiscal year, the District entered into a settlement agreement with the Developer regarding the remaining delinquent assessments and the unplatted parcel was transferred to a Special Purpose Entity ("SPE").

Due to the non-collection of assessments from the Developer and previous landowner, the District was unable to make certain scheduled debt service payments, which is considered an event of default. Pursuant to the Bond Indenture, the Trustee, on behalf of the Bondholders, has access to the funds held on deposit in the trust accounts. As a result of the default and the settlement agreement with the Developer, an SPE was created by the Trustee in a prior fiscal year to own and maintain the property subject to delinquent Series 2007 assessments. The SPE accepted unplatted lots owned by the Developer in lieu of foreclosure. In addition, an agreement was entered into between the District and the SPE, whereby debt service assessments on the Series 2007 Bonds would be forborne but continue to constitute a lien on the property.

In October 2012, the District entered into an agreement with the SPE whereby no operating and maintenance assessments would be assessed on property owned by the SPE. In lieu of assessment, the SPE agreed to fund the actual expenses of the District to the extent that expenditures exceed special assessment levied and collected by the District. The parties acknowledge that operation and maintenance assessments on the Property shall continue to be a lien in accordance with Florida Law. The agreement states that, in the event funds are no longer available in the trust accounts and another funding source has not been secured or changes affecting the delinquent lands results in increased risk to the SPE or related parties, the SPE may convey the lands to the District for ownership and maintenance.

In February 2017, the SPE sold all unplatted land under its control to a Developer and the SPE was dissolved.

Concentrations:

In the current year, special assessment revenue from the Developer was \$609,206, 64% of total special assessment revenue.

The District's activity is dependent upon the continued involvement of the Developer, Bondholder and future owners of the land with the delinquent assessments, the loss of which could have a material adverse effect on the District's operations.

NOTE 7 DEFICIT NET POSITION

The District has a government-wide net deficit of (\$6,594,446) at September 30, 2019. This deficit results from capital assets which were financed by District long-term debt and conveyed to other governmental entities and delinquent assessments not received from the Developer and certain landowners. The delinquent assessments have also created a deficit fund balance in the Debt Service Fund at September 30, 2019.

NOTE 8 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. These risks are covered by commercial insurance from independent third parties. The District has not filed any claims under this commercial coverage during the last three years.

NOTE 9 SUBSEQUENT EVENTS

As a result of significant delinquent assessments and abeyance of certain debt service assessments, the District was unable to make the November 2019 scheduled debt service interest payment.

COMPLIANCE SECTION

**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
Trails Community Development District

We have audited, 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, the financial statements of the governmental activities, and each major fund of the *Trails Community Development District* (the "District") as of and for the 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 report thereon dated March 30, 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 a material weakness. 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See Appendix A.

We noted certain other matters that we reported to management of the District in a separate letter dated March 30, 2020. The District's response to our findings identified in our audit is included in this report. We did not audit the District's response, and accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "McDiarmid Davis". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Orlando, Florida
March 30, 2020

MANAGEMENT COMMENTS

Board of Supervisors
Trails Community Development District

Report on the Financial Statements

We have audited the financial statements of the *Trails Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 30, 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 Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of 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 March 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2017-18 FY Finding #	2016-2017 FY Finding #
14-01	14-01	14-01
19-02	18-02	17-02

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to financial statements. This information has been disclosed in the notes to financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any condition described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District 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. We did note deteriorating financial conditions as disclosed in Appendix B.

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

Additional Matters

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

Purpose of this Letter

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

McDiarmid Davis

Orlando, Florida
March 30, 2020

19-02 - Failure to Meet Debt Service Reserve Account Requirement

Criteria

The Trust Indenture requires the District to maintain a minimum balance in the Series 2007 Debt Service Reserve Accounts.

Condition

At September 30, 2019, the Debt Service Reserve Accounts were deficient.

Cause

The balance in the Debt Service Reserve Accounts were used to pay prior year debt service on the Bonds.

Effect

The District is not in compliance with the Trust Indentures.

Recommendation

We recommend the District utilize all remedies available to replenish the Debt Service Reserve Account.

14-01 - Financial Condition Assessment

The District's financial condition has deteriorated. In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The Developer is now assessed on the property they own but the debt has not been restructured. Until then, the overall effect of these actions on the District's financial condition cannot be determined at this time.



934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmittdavis.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors
Trails Community Development District

We have examined *Trails Community Development District's* (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the 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 and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

McDermitt Davis

Orlando, Florida
March 30, 2020

TRAILS COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 2806 N. FIFTH STREET · UNIT 403 · ST. AUGUSTINE, FLORIDA 32084
(904) 436-6270

March 27, 2020

Response to the Management Letter for the fiscal year ended September 30, 2019

Management Letter finding 19-02:

The auditor noted that the District's Debt Service Reserve Account was deficient at September 30, 2019, as a result of funds from the Reserve Accounts being used to pay prior year debt service payments.

District response to the finding:

The District and the Bondholders have been working to alleviate this issue. During a prior year a SPE took title to the land subject to special assessment lien for resale or development. An agreement was entered into between the District and SPE, whereby, debt service assessments on the Series 2007 Bonds would be forborne but continue to constitute a lien on the property. In the prior fiscal year, the land held by the SPE was sold to D.R. Horton, Inc. and the SPE was dissolved. The District recently adopted Resolution 2019-01 allowing the landowner to surrender bonds associated with the undeveloped land which will reduce the amount of Series 2007 Assessments imposed on the landowner. Once the new Series 2007 outstanding principal is determined by the Trustee, the Debt Service Reserve requirement will be modified and the Reserve fund will be funded accordingly.

Management Letter finding 14-01:

The auditor noted that the District's financial condition has deteriorated

District response to the finding:

The District has taken every available measure to comply with the trust indenture. The District and Trustee, on behalf of the bondholders, have been working to alleviate this issue. During a prior year a SPE took title to the land subject to special assessment lien for resale or development. The operation and maintenance assessments relating to the land were the responsibility of the SPE during that time. In the prior fiscal year, the SPE sold all the remaining unplatted lots to D.R. Horton, Inc., which will assume responsibility for the payment of district assessments associated with that land.



Scott Brizendine
Treasurer
Trails Community Development District

Tab 6



LLS Tax Solutions Inc.
2172 W. Nine Mile Rd.
#352
Pensacola, FL 32534
Telephone: 850-754-0311
Email: liscott@llstax.com

February 4, 2020

Trails Community Development District
c/o Rizzetta & Company, Inc.
12750 Citrus Park Lane, Suite 115
Tampa, Florida 33625

Thank you for choosing LLS Tax Solutions Inc. ("LLS Tax") to provide arbitrage services to Trails Community Development District ("Client") for the following bond issues. This Engagement Letter describes the scope of the LLS Tax services, the respective responsibilities of LLS Tax and Client relating to this engagement and the fees LLS Tax expects to charge.

- \$10,935,000 Trails Community Development District (City of Jacksonville, Florida) Special Assessment Bonds, Series 2007

SCOPE OF SERVICES

The procedures that we will perform are as follows:

- Assist in calculation of the bond yield, unless previously computed and provided to us.
- Assist in determination of the amount, if any, of required rebate to the federal government.
- Issuance of a report presenting the cumulative results since the issue date of the issue of bonds.
- Preparation of necessary reports and Internal Revenue Service ("IRS") forms to accompany any required payment to the federal government.

As a part of our engagement, we will read certain documents associated with each issue of bonds for which services are being rendered. We will determine gross proceeds of each issue of bonds based on the information provided in such bond documents. You will have sole responsibility for determining any other amounts not discussed in those documents that may constitute gross proceeds of each series of bonds for the purposes of the arbitrage requirements.

TAX POSITIONS AND REPORTABLE TRANSACTIONS

Because the tax law is not always clear, we will use our professional judgment in resolving questions affecting the arbitrage calculations. Unless you instruct us otherwise, we will take the reporting position most favorable to you whenever reasonable. Any of your bond issues may be selected for review by the IRS, which may not agree with our positions. Any proposed adjustments are subject to

certain rights of appeal. Because of the lack of clarity in the law, we cannot provide assurances that the positions asserted by the IRS may not ultimately be sustained, which could result in the assessment of potential penalties. You have the ultimate responsibility for your compliance with the arbitrage laws; therefore, you should review the calculations carefully.

The IRS and some states have promulgated “tax shelter” rules that require taxpayers to disclose their participation in “reportable transactions” by attaching a disclosure form to their federal and/or state income tax returns and, when necessary, by filing a copy with the Internal Revenue Service and/or the applicable state agency. These rules impose significant requirements to disclose transactions and such disclosures may encompass many transactions entered into in the normal course of business. Failure to make such disclosures will result in substantial penalties. In addition, an excise tax is imposed on exempt organizations (including state and local governments) that are a party to prohibited tax shelter transactions (which are defined using the reportable transaction rules). Client is responsible for ensuring that it has properly disclosed all “reportable transactions” and, where applicable, complied with the excise tax provision. The LLS Tax services that are the subject of this Engagement Letter do not include any undertaking by LLS Tax to identify any reportable transactions that have not been the subject of a prior consultation between LLS Tax and Client. Such services, if desired by Client, will be the subject of a separate engagement letter. LLS Tax may also be required to report to the IRS or certain state tax authorities certain tax services or transactions as well as Client’s participation therein. The determination of whether, when and to what extent LLS Tax complies with its federal or state “tax shelter” reporting requirements will be made exclusively by LLS Tax. LLS Tax will not be liable for any penalties resulting from Client’s failure to accurately and timely file any required disclosure or pay any related excise tax nor will LLS Tax be held responsible for any consequences of its own compliance with its reporting obligations. Please note that any disclosure required by or made pursuant to the tax shelter rules is separate and distinct from any other disclosure that Client might be required to or choose to make with its tax returns (e.g., disclosure on federal Form 8275 or similar state disclosure).

PROFESSIONAL FEES AND EXPENSES

Our professional fees for services listed above for the three annual bond years ending January 23, 2020, January 23, 2021, and January 23, 2022 is \$1,500, which is \$500 each year. We will bill you upon completion of our services or on a monthly basis. Our invoices are payable upon receipt. Additionally, you may request additional consulting services from us upon occasion; we will bill you for these consulting services at a beforehand agreed upon rate.

Unanticipated factors that could increase our fees beyond the estimate given above include the following (without limitation). Should any of these factors arise we will alert you before additional fees are incurred.

- Investment data provided by you is not in good order or is unusually voluminous.
- Proceeds of bonds have been commingled with amounts not considered gross proceeds of the bonds (if that circumstance has not previously been communicated to us).
- A review or other inquiry by the IRS with respect to an issue of bonds.

The Client (District) has the option to terminate this Agreement within ninety days of providing notice to LLS Tax Solutions Inc. of its intent.

ACCEPTANCE

You understand that the arbitrage services, report and IRS forms described above are solely to assist you in meeting your requirements for federal income tax compliance purposes. This Engagement Letter constitutes the entire agreement between Client and LLS Tax with respect to this engagement, supersedes all other oral and written representations, understandings or agreements relating to this engagement, and may not be amended except by the mutual written agreement of the Client and LLS Tax.

Please indicate your acceptance of this agreement by signing in the space provided below and returning a copy of this Engagement Letter to us. Thank you again for this opportunity to work with you.

Very truly yours,
LLS Tax Solutions Inc.

AGREED AND ACCEPTED:
Trails Community Development District

By: Linda L. Scott

Linda L. Scott, CPA

By: _____

Print Name _____

Title _____

Date: _____

STAFF REPORTS

District Counsel

District Engineer

Amenity Manager

Landscape Report

District Manager

BUSINESS ITEMS

Tab 7

Tab 8

RESOLUTION 2020-08

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

WHEREAS, the District Manager has heretofore prepared and submitted to the Board of Supervisors (“**Board**”) of the Trails Community Development District (“**District**”) prior to June 15, 2020, proposed budgets (“**Proposed Budget**”) for the fiscal year beginning October 1, 2020 and ending September 30, 2021 (“**Fiscal Year 2020/2021**”); 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 TRAILS COMMUNITY DEVELOPMENT DISTRICT:

1. PROPOSED BUDGET APPROVED. The Proposed Budget prepared by the District Manager for Fiscal Year 2020/2021 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. A public hearing on said approved Proposed Budget is hereby declared and set for _____, **2020 at _____ .m.** The hearing may be conducted remotely, pursuant to _____ communications media technology and/or by telephone pursuant to Executive Orders 20-52, 20-69 and 20-112 issued by Governor DeSantis on March 9, 2020, March 20, 2020 and April 29, 2020, as such orders may be extended or supplemented, respectively, and pursuant to Section 120.54(5)(b)2., *Florida Statutes*. In the event that Executive Orders are not extended and the Board is required to meet in person for quorum requirements and/or if conditions allow the meeting to be held in person, it will be held at the following location:

LOCATION: _____

3. TRANSMITTAL OF PROPOSED BUDGET TO LOCAL GENERAL PURPOSE GOVERNMENTS. The District Manager is hereby directed to submit a copy of the Proposed Budget to the City of Jacksonville and Duval 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 approved Proposed Budget

on the District's website at least two days before the budget hearing date as set forth in Section 2, 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 in Florida law.

6. SEVERABILITY. The invalidity or unenforceability of any one or more provisions of this Resolution shall not affect the validity or enforceability of the remaining portions of this Resolution, or any part thereof.

7. EFFECTIVE DATE. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 11th day of May, 2020.

ATTEST:

**TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

Secretary/Assistant-Secretary

Chairman/Vice Chairman, Board of
Supervisors

Exhibit A: Fiscal Year 2020/2021 Proposed Budget

Exhibit A



Rizzetta & Company

Trails Community Development District

trailscdd.org

Proposed Budget for Fiscal Year 2020-2021

Presented by: Rizzetta & Company, Inc.

**2806 N. Fifth Street
Suite 403
St. Augustine, Florida 32084
Phone: 904-436-6270**

rizzetta.com

TABLE OF CONTENTS

	<u>Page</u>
General Fund Budget Account Category Descriptions	1
Reserve Fund Budget Account Category Descriptions	8
Debt Service Fund Budget Account Category Descriptions	9
General Fund Budget for Fiscal Year 2020-2021	10
Reserve Fund Budget for Fiscal Year 2020-2021	13
Debt Service Fund Budget for Fiscal Year 2020-2021	14
Assessments Charts for Fiscal Year 2020-2021	15



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GENERAL FUND BUDGET ACCOUNT CATEGORY DESCRIPTION

The General Fund Budget Account Category Descriptions are subject to change at any time depending on its application to the District. Please note, not all General Fund Budget Account Category Descriptions are applicable to the District indicated above. Uses of the descriptions contained herein are intended for general reference.

REVENUES:

Interest Earnings: The District may earn interest on its monies in the various operating accounts.

Tax Roll: The District levies Non-Ad Valorem Special Assessments on all of the assessable property within the District to pay for operating expenditures incurred during the Fiscal Year. The assessments may be collected in two ways. The first is by placing them on the County's Tax Roll, to be collected with the County's Annual Property Tax Billing. This method is only available to land properly platted within the time limits prescribed by the County.

Off Roll: For lands not on the tax roll and that is by way of a direct bill from the District to the appropriate property owner.

Developer Contributions: The District may enter into a funding agreement and receive certain prescribed dollars from the Developer to off-set expenditures of the District.

Event Rental: The District may receive monies for event rentals for such things as weddings, birthday parties, etc.

Miscellaneous Revenues: The District may receive monies for the sale or provision of electronic access cards, entry decals etc.

Facilities Rentals: The District may receive monies for the rental of certain facilities by outside sources, for such items as office space, snack bar/restaurants etc.

EXPENDITURES – ADMINISTRATIVE:

Supervisor Fees: The District may compensate its supervisors within the appropriate statutory limits of \$200.00 maximum per meeting within an annual cap of \$4,800.00 per supervisor.



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Administrative Services: The District will incur expenditures for the day to today operation of District matters. These services include support for the District Management function, recording and preparation of meeting minutes, records retention and maintenance in accordance with Chapter 119, Florida Statutes, and the District's adopted Rules of Procedure, preparation and delivery of agenda, overnight deliveries, facsimiles and phone calls.

District Management: The District as required by statute, will contract with a firm to provide for management and administration of the District's day to day needs. These services include the conducting of board meetings, workshops, overall administration of District functions, all required state and local filings, preparation of annual budget, purchasing, risk management, preparing various resolutions and all other secretarial duties requested by the District throughout the year is also reflected in this amount.

District Engineer: The District's engineer provides general engineering services to the District. Among these services are attendance at and preparation for monthly board meetings, review of construction invoices and all other engineering services requested by the district throughout the year.

Disclosure Report: The District is required to file quarterly and annual disclosure reports, as required in the District's Trust Indenture, with the specified repositories. This is contracted out to a third party in compliance with the Trust Indenture.

Trustee's Fees: The District will incur annual trustee's fees upon the issuance of bonds for the oversight of the various accounts relating to the bond issues.

Assessment Roll: The District will contract with a firm to maintain the assessment roll and annually levy a Non-Ad Valorem assessment for operating and debt service expenses.

Financial & Revenue Collections: Services include all functions necessary for the timely billing and collection and reporting of District assessments in order to ensure adequate funds to meet the District's debt service and operations and maintenance obligations. These services include, but are not limited to, assessment roll preparation and certification, direct billings and funding request processing as well as responding to property owner questions regarding District assessments. This line item also includes the fees incurred for a Collection Agent to collect the funds for the principal and interest payment for its short-term bond issues and any other bond related collection needs. These funds are collected as prescribed in the Trust Indenture. The Collection Agent also provides for the release of liens on property after the full collection of bond debt levied on particular properties.

Accounting Services: Services include the preparation and delivery of the District's financial statements in accordance with Governmental Accounting Standards, accounts payable and accounts receivable functions, asset tracking, investment tracking, capital program administration and requisition processing, filing of annual reports required by the State of Florida and monitoring of trust account activity.



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Auditing Services: The District is required annually to conduct an audit of its financial records by an Independent Certified Public Accounting firm, once it reaches certain revenue and expenditure levels, or has issued bonds and incurred debt.

Arbitrage Rebate Calculation: The District is required to calculate the interest earned from bond proceeds each year pursuant to the Internal Revenue Code of 1986. The Rebate Analyst is required to verify that the District has not received earnings higher than the yield of the bonds.

Travel: Each Board Supervisor and the District Staff are entitled to reimbursement for travel expenses per Florida Statutes 190.006(8).

Public Officials Liability Insurance: The District will incur expenditures for public officials' liability insurance for the Board and Staff.

Legal Advertising: The District will incur expenditures related to legal advertising. The items for which the District will advertise include, but are not limited to meeting schedules, special meeting notices, and public hearings, bidding etc. for the District based on statutory guidelines

Bank Fees: The District will incur bank service charges during the year.

Dues, Licenses & Fees: The District is required to pay an annual fee to the Department of Economic Opportunity, along with other items which may require licenses or permits, etc.

Miscellaneous Fees: The District could incur miscellaneous throughout the year, which may not fit into any standard categories.

Website Hosting, Maintenance and Email: The District may incur fees as they relate to the development and ongoing maintenance of its own website along with possible email services if requested.

District Counsel: The District's legal counsel provides general legal services to the District. Among these services are attendance at and preparation for monthly board meetings, review of operating and maintenance contracts and all other legal services requested by the district throughout the year.

EXPENDITURES - FIELD OPERATIONS:

Deputy Services: The District may wish to contract with the local police agency to provide security for the District.



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Security Services and Patrols: The District may wish to contract with a private company to provide security for the District.

Electric Utility Services: The District will incur electric utility expenditures for general purposes such as irrigation timers, lift station pumps, fountains, etc.

Streetlights: The District may have expenditures relating to streetlights throughout the community. These may be restricted to main arterial roads or in some cases to all streetlights within the District's boundaries.

Utility - Recreation Facility: The District may budget separately for its recreation and or amenity electric separately.

Gas Utility Services: The District may incur gas utility expenditures related to district operations at its facilities such as pool heat etc.

Garbage - Recreation Facility: The District will incur expenditures related to the removal of garbage and solid waste.

Solid Waste Assessment Fee: The District may have an assessment levied by another local government for solid waste, etc.

Water-Sewer Utility Services: The District will incur water/sewer utility expenditures related to district operations.

Utility - Reclaimed: The District may incur expenses related to the use of reclaimed water for irrigation.

Aquatic Maintenance: Expenses related to the care and maintenance of the lakes and ponds for the control of nuisance plant and algae species.

Fountain Service Repairs & Maintenance: The District may incur expenses related to maintaining the fountains within throughout the Parks & Recreational areas

Lake/Pond Bank Maintenance: The District may incur expenditures to maintain lake banks, etc. for the ponds and lakes within the District's boundaries, along with planting of beneficial aquatic plants, stocking of fish, mowing and landscaping of the banks as the District determines necessary.

Wetland Monitoring & Maintenance: The District may be required to provide for certain types of monitoring and maintenance activities for various wetlands and waterways by other governmental entities.

Mitigation Area Monitoring & Maintenance: The District may be required to provide for certain types of monitoring and maintenance activities for various mitigation areas by other governmental entities.



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Aquatic Plant Replacement: The expenses related to replacing beneficial aquatic plants, which may or may not have been required by other governmental entities.

General Liability Insurance: The District will incur fees to insure items owned by the District for its general liability needs

Property Insurance: The District will incur fees to insure items owned by the District for its property needs

Entry and Walls Maintenance: The District will incur expenditures to maintain the entry monuments and the fencing.

Landscape Maintenance: The District will incur expenditures to maintain the rights-of-way, median strips, recreational facilities including pond banks, entryways, and similar planting areas within the District. These services include but are not limited to monthly landscape maintenance, fertilizer, pesticides, annuals, mulch, and irrigation repairs.

Irrigation Maintenance: The District will incur expenditures related to the maintenance of the irrigation systems.

Irrigation Repairs: The District will incur expenditures related to repairs of the irrigation systems.

Landscape Replacement: Expenditures related to replacement of turf, trees, shrubs etc.

Field Services: The District may contract for field management services to provide landscape maintenance oversight.

Miscellaneous Fees: The District may incur miscellaneous expenses that do not readily fit into defined categories in field operations.

Gate Phone: The District will incur telephone expenses if the District has gates that are to be opened and closed.

Street/Parking Lot Sweeping: The District may incur expenses related to street sweeping for roadways it owns or are owned by another governmental entity, for which it elects to maintain.

Gate Facility Maintenance: Expenses related to the ongoing repairs and maintenance of gates owned by the District if any.

Sidewalk Repair & Maintenance: Expenses related to sidewalks located in the right of way of streets the District may own if any.

Roadway Repair & Maintenance: Expenses related to the repair and maintenance of roadways owned by the District if any.



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Employees - Salaries: The District may incur expenses for employees/staff members needed for the recreational facilities such as Clubhouse Staff.

Employees - P/R Taxes: This is the employer's portion of employment taxes such as FICA etc.

Employee - Workers' Comp: Fees related to obtaining workers compensation insurance.

Management Contract: The District may contract with a firm to provide for the oversight of its recreation facilities.

Maintenance & Repair: The District may incur expenses to maintain its recreation facilities.

Facility Supplies: The District may have facilities that required various supplies to operate.

Gate Maintenance & Repairs: Any ongoing gate repairs and maintenance would be included in this line item.

Telephone, Fax, Internet: The District may incur telephone, fax and internet expenses related to the recreational facilities.

Office Supplies: The District may have an office in its facilities which require various office related supplies.

Clubhouse - Facility Janitorial Service: Expenses related to the cleaning of the facility and related supplies.

Pool Service Contract: Expenses related to the maintenance of swimming pools and other water features.

Pool Repairs: Expenses related to the repair of swimming pools and other water features.

Security System Monitoring & Maintenance: The District may wish to install a security system for the clubhouse

Clubhouse Miscellaneous Expense: Expenses which may not fit into a defined category in this section of the budget

Athletic/Park Court/Field Repairs: Expense related to any facilities such as tennis, basketball etc.

Trail/Bike Path Maintenance: Expenses related to various types of trail or pathway systems the District may own, from hard surface to natural surfaces.



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Special Events: Expenses related to functions such as holiday events for the public enjoyment

Miscellaneous Fees: Monies collected and allocated for fees that the District could incur throughout the year, which may not fit into any standard categories.

Miscellaneous Contingency: Monies collected and allocated for expenses that the District could incur throughout the year, which may not fit into any standard categories.

Capital Outlay: Monies collected and allocated for various projects as they relate to public improvements.



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RESERVE FUND BUDGET ACCOUNT CATEGORY DESCRIPTION

The Reserve Fund Budget Account Category Descriptions are subject to change at any time depending on its application to the District. Please note, not all Reserve Fund Budget Account Category Descriptions are applicable to the District indicated above. Uses of the descriptions contained herein are intended for general reference.

REVENUES:

Tax Roll: The District levies Non-Ad Valorem Special Assessments on all of the assessable property within the District to pay for operating expenditures incurred during the Fiscal Year. The assessments may be collected in two ways. The first is by placing them on the County's Tax Roll, to be collected with the County's Annual Property Tax Billing. This method is only available to land properly platted within the time limits prescribed by the County.

Off Roll: For lands not on the tax roll and that is by way of a direct bill from the District to the appropriate property owner.

Developer Contributions: The District may enter into a funding agreement and receive certain prescribed dollars from the Developer to off-set expenditures of the District.

Miscellaneous Revenues: The District may receive monies for the sale or provision of electronic access cards, entry decals etc.

EXPENDITURES:

Capital Reserve: Monies collected and allocated for the future repair and replacement of various capital improvements such as club facilities, swimming pools, athletic courts, roads, etc.

Capital Outlay: Monies collected and allocated for various projects as they relate to public improvements.



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DEBT SERVICE FUND BUDGET ACCOUNT CATEGORY DESCRIPTION

The Debt Service Fund Budget Account Category Descriptions are subject to change at any time depending on its application to the District. Please note, not all Debt Service Fund Budget Account Category Descriptions are applicable to the District indicated above. Uses of the descriptions contained herein are intended for general reference.

REVENUES:

Special Assessments: The District may levy special assessments to repay the debt incurred by the sale of bonds to raise working capital for certain public improvements. The assessments may be collected in the same fashion as described in the Operations and Maintenance Assessments.

EXPENDITURES – ADMINISTRATIVE:

Bank Fees: The District may incur bank service charges during the year.

Debt Service Obligation: This would be a combination of the principal and interest payment to satisfy the annual repayment of the bond issue debt.



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Proposed Budget
Trails Community Development District
General Fund
Fiscal Year 2020/2021

	Chart of Accounts Classification	Actual YTD through 03/31/20	Projected Annual Totals 2019/2020	Annual Budget for 2019/2020	Projected Budget variance for 2019/2020	Budget for 2020/2021	Budget Increase (Decrease) vs 2019/2020	Comments
1								
2	REVENUES							
3								
4	Special Assessments							
5	Tax Roll*	\$ 167,957	\$ 170,160	\$ 169,331	\$ 829	\$ 194,580	\$ 25,249	To Be Updated Prior To Public Hearing
6	Off Roll*	\$ 130,850	\$ 182,963	\$ 182,963	\$ -	\$ 182,963	\$ -	To Be Updated Prior To Public Hearing
7								
8	TOTAL REVENUES	\$ 298,807	\$ 353,123	\$ 352,294	\$ 829	\$ 377,543	\$ 25,249	
9								
10	Balance Forward from Prior Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11								
12	TOTAL REVENUES AND BALANCE	\$ 298,807	\$ 353,123	\$ 352,294	\$ 829	\$ 377,543	\$ 25,249	
13								
14	*Allocation of assessments between the Tax Roll and Off Roll are estimates only and subject to change prior to							
15								
16	EXPENDITURES - ADMINISTRATIVE							
17								
18	Legislative							
19	Supervisor Fees	\$ 3,000	\$ 6,000	\$ 6,000	\$ -	\$ 6,000	\$ -	Based on 6 Meetings
20	Financial & Administrative							
21	Administrative Services	\$ 2,700	\$ 5,400	\$ 5,400	\$ -	\$ 5,562	\$ 162	*Reflects a Proposed 3% Increase to Lines 21,22,26,27&28
22	District Management	\$ 13,650	\$ 27,300	\$ 27,300	\$ -	\$ 28,119	\$ 819	*
23	District Engineer	\$ 2,475	\$ 3,500	\$ 3,500	\$ -	\$ 3,500	\$ -	
24	Disclosure Report	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -	
25	Trustees Fees	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ 4,000	\$ -	
26	Assessment Roll	\$ 5,250	\$ 5,250	\$ 5,250	\$ -	\$ 5,408	\$ 158	*
27	Financial & Revenue Collections	\$ 2,625	\$ 5,250	\$ 5,250	\$ -	\$ 5,408	\$ 158	*
28	Accounting Services	\$ 10,350	\$ 20,700	\$ 20,700	\$ -	\$ 21,321	\$ 621	*
29	Auditing Services	\$ 4,200	\$ 4,200	\$ 4,200	\$ -	\$ 4,300	\$ 100	Per Existing Agreement
30	Arbitrage Rebate Calculation	\$ -	\$ 500	\$ 500	\$ -	\$ 500	\$ -	
31	Public Officials Liability Insurance	\$ 2,819	\$ 2,819	\$ 2,888	\$ 69	\$ 3,101	\$ 213	
32	Legal Advertising	\$ 564	\$ 2,100	\$ 2,100	\$ -	\$ 2,100	\$ -	
33	Dues, Licenses & Fees	\$ 175	\$ 175	\$ 175	\$ -	\$ 175	\$ -	
34	Miscellaneous Fees	\$ -	\$ 750	\$ 500	\$ (250)	\$ 500	\$ -	Mailed Notices?
35	Website Hosting, Maintenance, Backup	\$ 3,694	\$ 5,062	\$ 4,980	\$ (82)	\$ 2,749	\$ (2,231)	FY 2019/20 Initial ADA Conversion
36	Legal Counsel							
37	District Counsel	\$ 5,589	\$ 12,500	\$ 19,000	\$ 6,500	\$ 19,000	\$ -	Reflects a 4% Annual Hourly Rate Increase
38	Administrative Subtotal	\$ 62,091	\$ 110,506	\$ 116,743	\$ 6,237	\$ 116,743	\$ (1)	
39								
40	EXPENDITURES - FIELD OPERATIONS							
41								
42	Electric Utility Services							
43	Utility Services	\$ 8,229	\$ 16,458	\$ 16,500	\$ 42	\$ 20,000	\$ 3,500	Fountains?
44	Garbage/Solid Waste Control Services							
45	Garbage - Recreation Facility	\$ 1,198	\$ 2,396	\$ 1,700	\$ (696)	\$ 2,300	\$ 600	
46	Water-Sewer Combination Services							
47	Utility Services	\$ 4,178	\$ 8,356	\$ 8,200	\$ (156)	\$ 8,600	\$ 400	
48	Stormwater Control							

Proposed Budget
Trails Community Development District
General Fund
Fiscal Year 2020/2021

	Chart of Accounts Classification	Actual YTD through 03/31/20	Projected Annual Totals 2019/2020	Annual Budget for 2019/2020	Projected Budget variance for 2019/2020	Budget for 2020/2021	Budget Increase (Decrease) vs 2019/2020	Comments
49	Fountain Service Repairs & Maintenance	\$ 500	\$ 1,000	\$ 1,500	\$ 500	\$ 1,500	\$ -	Quarterly Maintenance
50	Lake/Pond Bank Maintenance	\$ 5,114	\$ 10,228	\$ 6,000	\$ (4,228)	\$ 10,228	\$ 4,228	
51	Miscellaneous Expense	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ -	
52	Other Physical Environment							
53	General Liability/Property Insurance	\$ 9,684	\$ 9,684	\$ 9,594	\$ (90)	\$ 10,818	\$ 1,224	Based on Estimate Provided
54	Entry Lighting, Walls & Fence Maintenance	\$ -	\$ 1,500	\$ 4,000	\$ 2,500	\$ 4,000	\$ -	To Include Pressure Washing
55	Landscape & Irrigation Maintenance Contract	\$ 32,577	\$ 67,500	\$ 65,459	\$ (2,041)	\$ 69,525	\$ 4,066	Reflects a Proposed 3% Increase
56	Irrigation Repairs	\$ 1,519	\$ 3,750	\$ 5,000	\$ 1,250	\$ 5,000	\$ -	
57	Landscape Replacement Plants, Shrubs, Trees	\$ -	\$ 2,500	\$ 5,000	\$ 2,500	\$ 5,000	\$ -	
58	Miscellaneous Expense	\$ -	\$ 500	\$ 1,000	\$ 500	\$ 1,000	\$ -	
59	Parks & Recreation							
60	Amenity Management Contract- Field & Facility	\$ 15,597	\$ 31,194	\$ 30,893	\$ (301)	\$ 32,437	\$ 1,544	Reflects a 5% Increase Per Agreement
61	Amenity Janitorial & Facility Maintenance Contract	\$ 11,960	\$ 23,920	\$ 16,550	\$ (7,370)	\$ 25,116	\$ 8,566	Reflects a 5% Increase Per Agreement
62	Amenity Facility Monitors - Seasonal	\$ 4,760	\$ 9,526	\$ 9,130	\$ (396)	\$10,001	\$ 871	Reflects a 5% Increase Per Agreement
63	Amenity Maintenance & Repairs	\$ 2,984	\$ 8,000	\$ 8,000	\$ -	\$ 8,000	\$ -	FY 2019/20 Included Pump Repairs, Bridge Plank Repairs, Sump Pump Installation and A/C Repairs
64	Pool Services -	\$ 4,031	\$ 8,062	\$ 8,500	\$ 438	\$ 9,750	\$ 1,250	
65	Cable, Phone & Internet	\$ 1,506	\$ 3,405	\$ 3,800	\$ 395	\$ 3,800	\$ -	
66	Amenity Supplies & Equipment	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	
67	Pest Control & Termite Bond	\$ 475	\$ 675	\$ 675	\$ -	\$ 675	\$ -	Based on Current Agreement
68	Fitness Equipment Maintenance &	\$ 407	\$ 814	\$ 2,500	\$ 1,686	\$ 2,000	\$ (500)	
69	Amenity Miscellaneous Expenses	\$ 2,336	\$ 3,500	\$ 1,000	\$ (2,500)	\$ 1,000	\$ -	FY 2019/20 Included DVR Replacement, Pressure Washing
70	Special Events							
71	Special Events	\$ 107	\$ 214	\$ 3,000	\$ 2,786	\$ 2,500	\$ (500)	
72	Contingency							
73	Miscellaneous Contingency	\$ 221	\$ 8,050	\$ 8,050	\$ -	\$ 16,500	\$ 8,450	To Possibly Include Playground Mulch, Volleyball Court Sand, Bridge Staining, Reserve Study or Fitness Room Flooring

Proposed Budget
Trails Community Development District
General Fund
Fiscal Year 2020/2021

	Chart of Accounts Classification	Actual YTD through 03/31/20	Projected Annual Totals 2019/2020	Annual Budget for 2019/2020	Projected Budget variance for 2019/2020	Budget for 2020/2021	Budget Increase (Decrease) vs 2019/2020	Comments
74	Capital Outlay	\$ 2,587	\$ 16,500	\$ 16,500	\$ -	\$ 8,050	\$ (8,450)	FY 19/20 Included Pool Furniture & Pond Bank Repairs from Annual Engineer's Report. FY 2020/21 To Possibly Include Additional Security Cameras?
75								
76	Field Operations Subtotal	\$ 109,970	\$ 238,732	\$ 235,551	\$ (3,181)	\$ 260,800	\$ 25,249	
77								
79								
80	TOTAL EXPENDITURES	\$ 172,061	\$ 349,238	\$ 352,294	\$ 3,056	\$ 377,543	\$ 25,249	
81								
82	EXCESS OF REVENUES OVER	\$ 126,746	\$ 3,885	\$ -	\$ 3,885	\$ 0	\$ 0	

Proposed Budget
Trails Community Development District
Reserve Fund
Fiscal Year 2020-2021

	Chart of Accounts Classification	Actual YTD through 03/31/20	Projected Annual Totals 2019/2020	Annual Budget for 2019/2020	Projected Budget variance for 2019/2020	Budget for 2020/2021	Budget Increase (Decrease) vs 2019/2020	Comments
1								
2	REVENUES							
3								
4	Special Assessments							
5	Tax Roll*	\$ 12,500	\$ 12,500	\$ 12,500	\$ -	\$ 12,500	\$ -	To be Updated Prior to Public Hearing
6	Off Roll*	\$ 12,500	\$ 12,500	\$ 12,500	\$ -	\$ 12,500	\$ -	To be Updated Prior to Public Hearing
7								
9	TOTAL REVENUES	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -	
10								
11	Balance Forward from Prior Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
12								
13	TOTAL REVENUES AND BALANCE	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -	
14								
15	*Allocation of assessments between the Tax Roll and Off Roll are estimates only and subject to change prior to							
16								
17	EXPENDITURES							
18								
19	Contingency							
20	Capital Reserves	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	
21								
22	TOTAL EXPENDITURES	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	
23								
24	EXCESS OF REVENUES OVER	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	
25								

Budget Template
Trails Community Development District
Debt Service
Fiscal Year 2020/2021

Chart of Accounts Classification	Series 2007A	Budget for
REVENUES		
Special Assessments		
Net Special Assessments ⁽¹⁾	\$489,032.23	\$489,032.23
TOTAL REVENUES	\$489,032.23	\$489,032.23
EXPENDITURES		
Administrative		
Financial & Administrative		
Debt Service Obligation	\$489,032.23	\$489,032.23
Administrative Subtotal	\$489,032.23	\$489,032.23
TOTAL EXPENDITURES	\$489,032.23	\$489,032.23
EXCESS OF REVENUES OVER EXPENDITURES	\$0.00	\$0.00

Collection Costs (3.5%) and Early Payment Discount (4%) applicable to the county: 7.5%

Gross assessments **\$527,884.53**

Notes:

Tax Roll Collection Costs and Early Payment Discount percentages are 7.5% of Tax Roll. Budgeted net tax roll assessments. See Assessment Table.

⁽¹⁾ Maximum Annual Debt Service less Prepaid Assessments received.

Trails Community Development District

FISCAL YEAR 2020/2021 O&M & DEBT SERVICE ASSESSMENT SCHEDULE

2020/2021 O&M Budget	\$402,543.00
Duval County 3.5% Collection Cost	\$15,231.36
4% Early Payment Discounts	\$17,407.26
2020/2021 Total	<u>\$435,181.62</u>

2019/2020 O&M Budget	\$377,294.00
2020/2021 O&M Budget	\$402,543.00
Total Difference:	<u>\$25,249.00</u>

	PER UNIT ANNUAL ASSESSMENT		Proposed Increase / Decrease	
	2019/2020	2020/2021	\$	%
Debt Service - Single Family - Platted	\$1,219.36	\$1,219.36	\$0.00	0.00%
Operations/Maintenance - Single Family - Platted	\$704.57	\$704.57	\$0.00	0.00%
Total	\$1,923.93	\$1,923.93	\$0.00	0.00%
Debt Service - Single Family - Platted (SF.P)	\$615.39	\$615.39	\$0.00	0.00%
Operations/Maintenance - Single Family - Platted (SF.P)	\$704.57	\$704.57	\$0.00	0.00%
Total	\$1,319.96	\$1,319.96	\$0.00	0.00%
Debt Service - Single Family - Platted (SF.T) ⁽¹⁾	\$1,219.36	\$760.62	-\$458.74	0.00%
Operations/Maintenance - Single Family - Platted (SF.T)	\$704.57	\$704.57	\$0.00	0.00%
Total	\$1,923.93	\$1,465.19	-\$458.74	-23.84%
Debt Service - Single Family - Unplatted	\$1,219.36	\$1,219.36	\$0.00	0.00%
Operations/Maintenance - Single Family - Unplatted	\$423.16	\$541.83	\$118.67	28.04%
Total	\$1,642.52	\$1,761.19	\$118.67	7.22%

⁽¹⁾ Principal buy down amounting in \$5,000 each on certain lots, thus reducing the debt service assessment for 2020-2021.

TRAILSFISCAL YEAR 2020/2021 O&M & DEBT SERVICE ASSESSMENT SCHEDULE ⁽¹⁾

TOTAL O&M BUDGET		\$402,543.00
COLLECTION COSTS @	3.5%	\$15,231.36
EARLY PAYMENT DISCOUNTS @	4.0%	\$17,407.26
TOTAL O&M ASSESSMENT		<u>\$435,181.62</u>

		<u>UNITS ASSESSED</u>		<u>ALLOCATION OF O&M ASSESSMENT</u>		<u>PER LOT ANNUAL ASSESSMENT</u>		
LOT SIZE	O&M	SERIES 2007 DEBT SERVICE ⁽²⁾	% OF O&M ASSESSMENT ⁽⁵⁾	TOTAL O&M BUDGET		O&M	SERIES 2007 DEBT SERVICE ⁽³⁾	TOTAL ⁽⁴⁾
Platted Parcels								
SINGLE FAMILY	292	158	47.28%	\$205,734.44		\$704.57	\$1,219.36	\$1,923.93
SINGLE FAMILY	117	117	18.94%	\$82,434.69		\$704.57	\$615.39	\$1,319.96
SINGLE FAMILY	81	81	13.11%	\$57,070.17		\$704.57	\$760.62	\$1,465.19
Total Platted	<u>490</u>	<u>356</u>	<u>79.33%</u>	<u>\$345,239.30</u>				
Unplatted Parcels								
SINGLE FAMILY	166	166	20.67%	\$89,942.32		\$541.83	\$1,219.36	\$1,761.19
Total Unplatted	<u>166</u>	<u>166</u>	<u>20.67%</u>	<u>\$89,942.32</u>				
Total Community	<u>656</u>	<u>522</u>	<u>100.00%</u>	<u>\$435,181.62</u>				
LESS: Duval County Collection Costs (3.5%) and Early Payment Discount Costs (4%)				(\$32,638.62)				
Net Revenue to be Collected				<u><u>\$402,543.00</u></u>				

⁽¹⁾ This table is intended to illustrate the proposed allocation methodology; actual amount of assessments imposed against individual parcels may differ.

⁽²⁾ Reflects the number of total lots with Series 2007 debt outstanding.

⁽³⁾ Annual debt service assessment per lot adopted in connection with the Series 2007 bond issue. Annual assessment includes principal, interest, Duval County collection costs and early payment discount costs.

⁽⁴⁾ Annual assessment that would appear on November 2020 Duval County property tax bill. Amount shown includes all applicable collection costs. Property owner is eligible for a discount of up to 4% if paid early.

⁽⁵⁾ District's O&M allocation recognizes that developed platted units derive a relatively higher amount of special benefit from certain District services.

Discussion Regarding Re-opening of Amenities Due to COVID-19

Supervisor Requests

ADJOURNMENT