

Special District Services, Inc.  
2501A Burns Road  
Palm Beach Gardens, FL 33410

October 31, 2025

RE: Village Walk Of Bonita Springs Community Development District – Budget & Assessments Narrative

The Board Of Supervisors approves a Proposed Budget for the District each year. The Budget is for the following Fiscal Year, which is for the period beginning on October 1<sup>st</sup> and ending on September 30<sup>th</sup>. The Proposed Budget is usually presented to the Board in the spring (typically March, April or May). The Proposed Budget is for the Districts' Operating Expenditures (General Fund) and the District's Annual Bond payment requirements (Debt Service Fund). The Budget is used to determine the Assessment Rates that appear on the Annual Property Tax Bills.

The General Fund section of the Budget includes the activity for the prior Fiscal Year, the prior year budget and the current year proposed amounts. The amounts for the current year are based on prior year activity and anticipated activity for the following year.

The Debt Service section of the Budget includes the activity for the prior Fiscal Year, the prior year budget, the current year (proposed) budget amounts, the original Bond amounts, the current Bond balances and the interest rates of the Bonds. The amounts for the current year are for Principal & Interest payments based on the current Bond Amortization schedules.

The General Fund and Debt Service expenditures are reflected in the Assessment rates. Although the General Fund Operations & Maintenance (O&M) rate can change each year, the Assessment rate has been \$60.46 per unit since 2013. Management working with the Board Of Supervisors does their best to control costs and avoid Assessment increases.

The Debt Service Fund rates are determined by the Assessment Methodologies approved by the Board Of Supervisors at the time of the Bond Issuances. The rates are based on lot sizes, with the smaller lots being assessed less than the larger lots. These amounts are locked in; they cannot increase from year to year. And, if the Bonds are refinanced, the Debt Assessments could decrease.

Once the Proposed Budget is approved by the Board Of Supervisors, a Public Hearing is set to consider the Final Budget. The Public Hearing must be legally advertised in a local newspaper and held at least sixty days after the Proposed Budget is approved. The State Of Florida deadline to approve the Final Budget is September 30<sup>th</sup>. But this date is too late for the District to approve the Final Budget. The Lee County deadline for submitting the Assessment Roll is August 31<sup>st</sup>. So, the Final Budget hearing needs to be held no later than late August.

At the Public Hearing, the Board Of Supervisors can make changes to the General Fund Proposed Budget; but the O&M Assessment rates cannot be increased from the Proposed Budget. The O&M Assessment rates can only either stay the same or be decreased.

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Once the Final Budget is approved, the Annual Assessment Roll for the District can be submitted to the County. The Assessments for the District appear as Non-Ad Valorem Assessments on the Annual Property Tax Bills. During the year, the County distributes District Assessments that have been paid on the Property Owners Tax Bill. When the District receives the Distributions, the applicable Debt Assessments are forwarded to the Trustee. The Trustee uses these funds to make the May Bond Principal payments and the May and November Bond Interest payments. The remainder of the Distributions received from the County are used to operate the District for the Fiscal Year.

Special Districts are required to approve an Amended Budget no later than two months after the close of the Fiscal Year. Typically, between September 15<sup>th</sup> through November 30<sup>th</sup>, the Amended Budgets are presented for approval to the Districts' Board Of Supervisors.

Districts' actual total General Fund expenditures cannot exceed the adopted total Amended Budget expenditures. If this occurs, this is an audit finding. In addition, the Amended Budget Total Fund Balance needs to be a positive amount.

The Amended Budget for the General Fund includes the Original approved Budget, the actual amount and the Amended Budget amount for all Revenue and Expenditure line items on the budget. The expenditures need to be projected, because in many instances, not all expenditures for each of the line items have been received (may not be received until October, November or even later).

In addition to the General Fund, the Amended Budget includes a Debt Service Budget. The format for the Amended Debt Service Budget includes the Original approved Budget, the Actual amounts and the Amended Budget amounts for the Debt Service categories – Interest Earned, Non Ad Valorem Tax Receipts, Bond Interest Paid and Bond Principal Paid.

In addition to this information; the Debt Service Budget also includes the original Bond (or Bonds) amounts, the current Bond (or Bonds) balances, the Bond(s) interest rates, the current balances in the Trustee Accounts and the amount of the November Bond payments.

Also, per statutory requirements, the District is required to have an Audited Financial Statement done by an accredited Public Accounting CPA Firm. There have been no findings in the audit or recommendations made by the auditors.