

WYLD PALMS
COMMUNITY DEVELOPMENT
DISTRICT

FINANCIAL REPORT

Year Ended September 30, 2014

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

TABLE OF CONTENTS

Year Ended September 30, 2014

	<u>Page</u>
I. Financial Section:	
Independent Auditor's Report	1
Management 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 of 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>	25
Management Comments	27
Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	31

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Wyld Palms Community Development District

We have audited the accompanying financial statements of the governmental activities and each major fund of the *Wyld Palms Community Development District* (the "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 an opinion 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.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

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 *Wyld Palms Community Development District* as of September 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Emphasis of Matter

As disclosed in Notes 4 and 5 to the financial statements, the infrastructure under construction is temporarily on hold due to the District's financial issues. In addition, the District has not made any scheduled debt service payments since 2009.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2015, 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.

McDiernit Davis & Company, LLC

Orlando, Florida
March 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the *Wyld Palms Community Development District* (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2014. 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, 2014 by \$(7,564,743), a decrease in the net position of \$1,099,947 in comparison with the prior year.
- At September 30, 2014, the District's governmental funds reported deficit fund balances of \$(1,025,835), a decrease of \$989,527 in comparison with the prior year.
- The District has entered into an agreement with the Trustee of the bonds and a special purpose entity, Wyld Palms Holdings, LLC (the "SPE"). In accordance with the agreement, the SPE now owns the property securing the Series 2007 bonds but is not required to remit debt service assessments to the District. The balance of the bonds is not forgiven, and the original trust indenture has not been modified. As of the date of this report, the District has not made any scheduled debt service payments since May 2009.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the *Wyld Palms Community Development District's* financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the 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 and liabilities, with the difference between the two 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 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, and maintenance and operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 four 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, special revenue fund, debt service fund, and capital projects fund, all of which are considered to be major funds.

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

Notes to 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 \$(7,564,743) at September 30, 2014. The analysis that follows focuses on the net position of the District's governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-Wide Financial Analysis (Continued):

Wyld Palms Community Development District
Statement of Net Position

	September 30, 2014	September 30, 2013
Assets, excluding capital assets	\$ 3,659,627	\$ 3,707,493
Capital Assets Net of Depreciation	<u>8,722,501</u>	<u>8,934,843</u>
Total assets	<u>12,382,128</u>	<u>12,642,336</u>
Liabilities, excluding long-term liabilities	5,035,610	4,198,949
Long-term Liabilities	<u>14,911,261</u>	<u>14,908,183</u>
Total liabilities	<u>19,946,871</u>	<u>19,107,132</u>
Net Position:		
Net Investment in capital assets	(6,414,447)	(6,129,139)
Restricted for capital projects	385,598	385,513
Unrestricted	<u>(1,535,894)</u>	<u>(721,170)</u>
Total net position	<u>\$ (7,564,743)</u>	<u>\$ (6,464,796)</u>

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2014 and 2013.

Changes in Net Position
Year ended September 30,

	2014	2013
Revenues:		
Program revenues	\$ 144	\$ 272
General revenues	<u>243,029</u>	<u>210,100</u>
Total revenues	<u>243,173</u>	<u>210,372</u>
Expenses:		
General government	217,534	228,022
Maintenance and operations	282,153	267,877
Interest on long-term debt	<u>843,433</u>	<u>843,434</u>
Total expenses	<u>1,343,120</u>	<u>1,339,333</u>
Change in net position	(1,099,947)	(1,128,961)
Net position - beginning	<u>(6,464,796)</u>	<u>(5,335,835)</u>
Net position - ending	<u>\$ (7,564,743)</u>	<u>\$ (6,464,796)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2014 was \$1,343,120. The majority of these costs are interest on long term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, 2014, the District's governmental funds reported combined ending fund balances of \$(1,025,835). Of this total, \$385,598 is restricted, \$4,996 is nonspendable, \$2,982,305 is assigned and the remainder of \$(4,398,734) is unassigned.

The fund balance of the general fund did not change significantly from the prior year. The debt service fund balance deficit continues to increase due to the nonpayment of the Series 2007 bonds.

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, 2014 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets - At September 30, 2014, the District had \$8,722,501 invested in capital assets, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt - At September 30, 2014, the District had \$14,911,261 in bonds outstanding. More detailed information about the District's capital debt is presented in the notes to the financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the *Wyld Palms Community Development District's* Finance Department at *Fishkind & Associates, Inc., 12051 Corporate Boulevard, Orlando, FL 32817.*

FINANCIAL STATEMENTS

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities
Assets:	
Cash	\$ 48,458
Prepaid costs	4,996
Property held for sale	2,971,250
Restricted assets:	
Temporarily restricted investments	634,923
Capital assets not being depreciated	5,514,660
Capital assets being depreciated, net	3,207,841
Total assets	<u>12,382,128</u>
Liabilities:	
Accounts payable and accrued expenses	8,684
Matured bonds payable	475,000
Matured interest payable	4,201,778
Accrued interest payable	350,148
Noncurrent liabilities:	
Due within one year	9,780,000
Due in more than one year	5,131,261
Total liabilities	<u>19,946,871</u>
Net Position:	
Net Investment in capital assets	(6,414,447)
Restricted for capital projects	385,598
Restricted for contractual agreement	2,982,305
Unrestricted	(4,518,199)
Total net position	<u>\$ (7,564,743)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:				
General government	\$ 217,534	\$ -	\$ -	\$ (217,534)
Maintenance and operations	282,153	-	-	(282,153)
Interest on long-term debt	843,433	59	85	(843,289)
Total governmental activities	<u>\$ 1,343,120</u>	<u>\$ 59</u>	<u>\$ 85</u>	<u>(1,342,976)</u>
General Revenues:				
				241,542
				<u>1,487</u>
				<u>243,029</u>
				(1,099,947)
				<u>(6,464,796)</u>
				<u>\$ (7,564,743)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2014

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:					
Cash	\$ 36,020	\$ 12,438	\$ -	\$ -	\$ 48,458
Investments	-	-	249,325	385,598	634,923
Prepaid costs	2,634	-	2,362	-	4,996
Property held for sale	-	2,971,250	-	-	2,971,250
Total assets	<u>\$ 38,654</u>	<u>\$ 2,983,688</u>	<u>\$ 251,687</u>	<u>\$ 385,598</u>	<u>\$ 3,659,627</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued expenses	\$ 6,099	\$ 1,383	\$ 1,202	\$ -	\$ 8,684
Matured bonds payable	-	-	475,000	-	475,000
Matured interest payable	-	-	4,201,778	-	4,201,778
Total liabilities	<u>6,099</u>	<u>1,383</u>	<u>4,677,980</u>	<u>-</u>	<u>4,685,462</u>
Fund balances:					
Nonspendable	2,634	-	2,362	-	4,996
Restricted:					
Capital projects	-	-	-	385,598	385,598
Contractual agreement	-	2,982,305	-	-	2,982,305
Unassigned	29,921	-	(4,428,655)	-	(4,398,734)
Total fund balances	<u>32,555</u>	<u>2,982,305</u>	<u>(4,426,293)</u>	<u>385,598</u>	<u>(1,025,835)</u>
Total liabilities and fund balances	<u>\$ 38,654</u>	<u>\$ 2,983,688</u>	<u>\$ 251,687</u>	<u>\$ 385,598</u>	

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

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

8,722,501

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

Accrued interest payable (350,148)

Bonds payable (14,911,261)

(15,261,409)

Net Position of Governmental Activities

\$ (7,564,743)

The accompanying Notes to Financial Statements are an integral part of this statement.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended September 30, 2014

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:					
Bondholder contributions	\$ -	\$ 241,542	\$ -	\$ -	\$ 241,542
Investment income	-	-	59	85	144
Miscellaneous revenue	1,487	-	-	-	1,487
Total revenues	<u>1,487</u>	<u>241,542</u>	<u>59</u>	<u>85</u>	<u>243,173</u>
Expenditures:					
Current:					
General government	37,075	116,680	63,779	-	217,534
Maintenance and operations	65,276	4,535	-	-	69,811
Debt Service:					
Interest	-	-	840,355	-	840,355
Principal	-	-	105,000	-	105,000
Total expenditures	<u>102,351</u>	<u>121,215</u>	<u>1,009,134</u>	<u>-</u>	<u>1,232,700</u>
Excess (Deficit) of Revenues Over Expenditures	(100,864)	120,327	(1,009,075)	85	(989,527)
Other Financing Sources (Uses) :					
Transfers in	123,513	-	-	-	123,513
Transfers out	-	(123,513)	-	-	(123,513)
Total other financing sources (uses)	<u>123,513</u>	<u>(123,513)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22,649	(3,186)	(1,009,075)	85	(989,527)
Fund Balance - beginning of year	<u>9,906</u>	<u>2,985,491</u>	<u>(3,417,218)</u>	<u>385,513</u>	<u>(36,308)</u>
Fund Balance - end of year	<u>\$ 32,555</u>	<u>\$ 2,982,305</u>	<u>\$ (4,426,293)</u>	<u>\$ 385,598</u>	<u>\$ (1,025,835)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WYLD PALMS 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, 2014

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

Net Change in Fund Balances - total governmental funds (page 10)	\$ (989,527)
Depreciation on capital assets is not recognized in the governmental fund statement, however it is reported as an expense in the statement of activities.	(212,342)
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.	105,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Amortization of bond discount	<u>(3,078)</u>
Change in Net Position of Governmental Activities (page 8)	<u>\$ (1,099,947)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ 1,487	\$ 1,487
Total revenues	-	-	1,487	1,487
Expenditures:				
Current:				
General government	50,475	50,475	37,075	13,400
Maintenance and operations	73,038	73,038	65,276	7,762
Total expenditures	123,513	123,513	102,351	21,162
Excess (Deficit) of Revenues Over Expenditures	(123,513)	(123,513)	(100,864)	22,649
Other Financing Sources (Uses):				
Transfers in	123,513	123,513	123,513	-
Total other financing sources (uses)	123,513	123,513	123,513	-
Net change in fund balance	-	-	22,649	22,649
Fund Balance - beginning of year	9,906	9,906	9,906	-
Fund Balance - end of year	\$ 9,906	\$ 9,906	\$ 32,555	\$ 22,649

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2014

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

The *Wyld Palms Community Development District*, (the "District") was established on November 8, 2006 by City of Inverness Ordinance 2006-644, 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. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has final responsibility for:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 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. Based on this criteria, the special purpose entity Wyld Palm Holdings, LLC ("SPE") is considered a blended component unit.

The SPE was formed for the purpose of taking ownership of all foreclosed property for the benefit of the bondholders. The property was formerly owned by the developer associated with the District. The SPE is wholly managed by the District pursuant to an operating agreement dated October 19, 2010. Certain officers of the District are also key members of management within the SPE organization. Although it is a separate legal entity from the District, the SPE is reported as if it was a part of the primary government. Separate financial statements for the SPE are not published.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued):

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.

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 all 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 all 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. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

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 accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for the operations of the SPE.

Debt Service Fund - accounts for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt.

Capital Projects Fund - accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District financed with the Series 2007 Bonds.

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. The District has elected to proceed under the Alternative Investment Guidelines in accordance with Section 218.415, Florida Statutes.

Receivables - All receivables are shown net of allowance for uncollectible accounts.

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.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roadways, Parks, Courts & Fields	20
Stormwater Management System	25
Buildings	30

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, as well as issuance costs, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

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, 2014.

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, 2014.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

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 and additional action is essential to either remove or revise a commitment.

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.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Stewardship, Compliance and Accountability:

A. 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. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes 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.

B. Deficit Fund Balance

The Debt Service Fund has a deficit fund balance at September 30, 2014, causing a total net fund balance deficit.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

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

Investments are stated at fair value, which is the amount for which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value is based on quoted market prices. Changes in the fair value of investments are recognized as revenue and included in investment revenue. Investment revenue is recognized as earned and is recorded in the respective funds related to the investment activity.

Instead of establishing a written investment policy, the District elected to limit investments to those approved by Florida Statutes and the District Trust Indentures. This 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:

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, 2014 are summarized below. In accordance with GASB 31, investments are reported at fair value.

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity
US Bank Money Market Account	\$ 634,923	A-1+	N/A

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 4 - Capital Assets:

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,050,000	\$ -	\$ -	\$ 3,050,000
Construction in progress	2,464,660	-	-	2,464,660
Total capital assets not being depreciated	<u>5,514,660</u>	<u>-</u>	<u>-</u>	<u>5,514,660</u>
Capital Assets Being Depreciated:				
Roadways, parks, courts & fields	2,786,938	-	-	2,786,938
Stormwater management system	703,719	-	-	703,719
Buildings	1,345,373	-	-	1,345,373
Total capital assets being depreciated	<u>4,836,030</u>	<u>-</u>	<u>-</u>	<u>4,836,030</u>
Less Accumulated Depreciation for:				
Roadways, parks, courts & fields	(900,212)	(139,347)	-	(1,039,559)
Stormwater management system	(246,486)	(28,149)	-	(274,635)
Buildings	(269,149)	(44,846)	-	(313,995)
Total Accumulated Depreciation	<u>(1,415,847)</u>	<u>(212,342)</u>	<u>-</u>	<u>(1,628,189)</u>
Total capital assets being depreciated, net	<u>3,420,183</u>	<u>(212,342)</u>	<u>-</u>	<u>3,207,841</u>
Governmental activities capital assets, net	<u>\$ 8,934,843</u>	<u>\$ (212,342)</u>	<u>\$ -</u>	<u>\$ 8,722,501</u>

Depreciation expense in the amount of \$212,342 was allocated to maintenance and operations on the Statement of Activities. The infrastructure under construction is on hold due to the District's financial issues.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 5 - Long-Term Liabilities:

In February 2007, the District issued \$15,535,000 of Capital Improvement Revenue Bonds, Series 2007, consisting of \$5,865,000 Series 2007A Bonds and \$9,670,000 of Series 2007B Bonds with fixed interest rates of 5.50% and 5.40%, respectively. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2007A Bonds are made serially commencing on May 1, 2009 through May 1, 2038. Principal on the Series 2007B Bonds is due on May 1, 2015.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. Property owners have not paid the District's levied assessments and the District's existing resources were not sufficient to make the debt service payments. With the consent of bondholders, the District has used debt service funds and capital projects funds to pay for certain operating expenditures due to lack of developer funding. As described below, the District is not in compliance with its Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirement as defined in the Indenture. This requirement has not been met for the Series 2007 Bonds for the fiscal year ended September 30, 2014. In addition, the District has not made any scheduled debt service payments since May 2009. Accordingly, the District has recorded on its fund-level statements a debt service obligation totaling \$4,676,778, which represents the unpaid principal and interest payments.

Total principal and interest remaining on the Series 2007 Bonds at September 30, 2014 is \$25,208,983. Of this amount, \$475,000 is recorded as matured bonds payable, and \$4,201,778 is recorded as matured interest payable. For the year ended September 30, 2014, no principal or interest was paid. Interest due of \$840,355 and principal due of \$105,000 was accrued to matured interest payable and matured bonds payable. There was no pledged revenue in the current year.

Long-term debt activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds Payable:					
Series 2007A	\$ 5,415,000	\$ -	\$ (105,000)	\$ 5,310,000	\$ 110,000
Series 2007B	9,670,000	-	-	9,670,000	9,670,000
Unamortized discount	(71,817)	-	3,078	(68,739)	-
Governmental activity long-term liabilities	<u>\$ 15,013,183</u>	<u>\$ -</u>	<u>\$ (101,922)</u>	<u>\$ 14,911,261</u>	<u>\$ 9,780,000</u>

The above schedule shows a principal reduction of \$105,000 that was due but was not paid. The beginning balance is reduced by \$370,000, which was also not paid, but accrued to matured bonds payable in prior years.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 5 - Long-Term Liabilities (Continued):

At September 30, 2014, the scheduled debt service requirements on the bonds payable were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 9,780,000	\$ 840,355
2016	115,000	312,125
2017	120,000	305,800
2018	130,000	299,200
2019	135,000	292,050
2020 - 2024	805,000	1,339,525
2025 - 2029	1,060,000	1,091,475
2030 - 2034	1,400,000	764,500
2035 - 2038	1,435,000	307,175
	<u>\$ 14,980,000</u>	<u>\$ 5,552,205</u>

Note 6 - Interfund Transfers:

The SPE transferred \$123,513 to the general fund under the terms of the funding agreement (Note 9). The funding is provided for the operation and maintenance of the District.

Note 7 - Net Deficit:

The District has a government wide net deficit of \$(7,564,743) at September 30, 2014. The deficit results from uncollected debt assessments from the Developer.

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.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 9 - Concentration:

In a prior year, the District initiated foreclosure proceedings on all assessed property in the District. Upon successful completion of the foreclosure in 2010, with the consent of the bondholders, the District entered into an agreement with the Trustee and the SPE. In accordance with the agreement, the SPE now owns all developable property within the District and will market the land available for purchase.

The SPE is not required to remit debt service assessments to the District. The outstanding balance on the Bonds is not forgiven, and the original trust indenture has not been modified. Scheduled principal and interest payments are reflected in the accompanying financial statements and notes in accordance with the terms of the original indenture. The ultimate resolution of issues surrounding the foreclosed property may significantly affect these amounts in future financial statements.

In connection with the foreclosure, the SPE acquired title to all developable property within the District. The fair value is based on the assessed taxable value provided by the County Property Appraiser at the time of foreclosure. At September 30, 2014, the District still reports property held for sale totaling \$2,971,250.

Note 10 - Subsequent Event:

The District was unable to make its scheduled November 1, 2014 debt service payment on the Series 2007 Bonds.

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
Wyld Palms 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 *Wyld Palms Community Development District* (the "District") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations 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 certain instances of noncompliance. See Appendix A of the accompanying report to management dated March 27, 2015.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDiernit Davis & Company, LLC

Orlando, Florida
March 27, 2015

MANAGEMENT COMMENTS

Board of Supervisors
 Wyld Palms Community Development District

We have audited the financial statements of the *Wyld Palms Community Development District* (the "District"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 27, 2015.

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.

Other Reports

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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 27, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require 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 #	2012-13 FY Finding #	2011-2012 FY Finding #
ML 14-01	IC 2009-01	IC 2009-01

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 the financial statements. This information has been disclosed in the notes to the financial statements.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
 TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the *Wyld Palms Community Development 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 *Wyld Palms Community Development District* met one of the conditions described in Section 218.503(1), Florida Statutes. These conditions are described in Appendix B.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the *Wyld Palms Community Development 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. Deteriorating financial conditions were noted, as indicated above under section 10.554(1)(i)5.a.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the *Wyld Palms Community Development District* for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

McDiernit Davis & Company, LLC

Orlando, Florida
March 27, 2015

**APPENDIX A - COMPLIANCE VIOLATIONS OF LAWS,
REGULATIONS AND CONTRACTUAL PROVISIONS**

Year Ended September 30, 2014

14-01 - Compliance with Bond Indenture Covenants

Criteria

The Special Assessment Revenue Bond Series 2007 requires the District 1) make semi-annual debt service principal and interest payments and 2) maintain adequate funds in a reserve account to meet the reserve requirement as defined in the Indenture.

Condition

The District has not made the required payments since May 2009. At September 30, 2014, the District did not meet the reserve requirement on the Series 2007 Bonds.

Cause

The District foreclosed on all property within the District in a prior year due to nonpayment of assessments.

Effect

The District is not in compliance with the requirements of the Bond Indenture.

Recommendation

We recommend the District use all available efforts to sell the foreclosed property and redeem the Series 2007 Bonds.

Management Response

The District successfully foreclosed on all property within the District that was assessed to secure the District's Series 2007A and 2007B Bonds, in compliance with the terms of the applicable Bond Trust Indentures. The foreclosed property is being held for the benefit of the bondholders. When this property is sold, the proceeds from the sale will be used to redeem bonds. All District actions related to the Series 2007A and 2007B Bonds are made in coordination with the bond trustee and bondholders.

WYLD PALMS COMMUNITY DEVELOPMENT DISTRICT

APPENDIX B - CONDITION OF FINANCIAL EMERGENCY

Year Ended September 30, 2014

14-01 - Compliance with Bond Indenture Covenants

The District did not pay the principal and interest due on the Series 2007 Bonds due to lack of funds; therefore the District meets Section 218.503(1)(a) as a financial emergency condition

Management Response

The District successfully foreclosed on all property within the District that was assessed to secure the District's Series 2007A and 2007B Bonds, in compliance with the terms of the applicable Bond Trust Indentures. The foreclosed property is being held for the benefit of the bondholders. When this property is sold, the proceeds from the sale will be used to redeem bonds. All District actions related to the Series 2007A and 2007B Bonds are made in coordination with the bond trustee and bondholders.

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

Board of Supervisors
Wyld Palms Community Development District

We have examined *Wyld Palms Community Development District's* (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2014. 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, *Wyld Palms Community Development District* complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

McDirmit Davis & Company, LLC

Orlando, Florida
March 27, 2015