

CELEBRATION POINTE HOLDINGS, LLC

**PROGRAM SPECIFIC AUDIT
OF STATE INFRASTRUCTURE BANK LOAN
FINANCIAL PROJECT**

440748-1-58-01

FOR THE YEAR ENDED DECEMBER 31, 2018

CELEBRATION POINTE HOLDINGS, LLC

PROGRAM SPECIFIC AUDIT OF STATE INFRASTRUCTURE BANK LOAN FINANCIAL PROJECT

#440748-1-58-01

FOR THE YEAR ENDED DECEMBER 31, 2018

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W CLARK & ASSOCIATES, LLC

Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

Mr. Svein Dyrkolbotn
Celebration Pointe Holdings, LLC
Gainesville, Florida

Report on the Schedule of Expenditures of State Financial Assistance

We have audited the accompanying schedule of expenditures of state financial assistance for the State Infrastructure Bank Loan Project #440748-1-58-01 of Celebration Pointe Holdings, LLC (the Company) for the year ended December 31, 2018 and the related notes (the financial statement).

Management's Responsibility for the Schedule of Expenditures of State Financial Assistance

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit.

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 the audit requirements of Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of state financial assistance under the State Infrastructure Bank Loan Project #440748-1-58-01 of the Company for the year ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.



Daytona Beach, Florida
September 24, 2019

**CELEBRATION POINTE HOLDINGS, LLC
SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>State Agency, Pass-Through Entity, State Project</u>	<u>State CSFA Number</u>	<u>Grantor's Contract Number</u>	<u>State Expenditures</u>
STATE FINANCIAL ASSISTANCE			
State of Florida, Department of Transportation:			
State Infrastructure Bank	55.020	GOT30	\$ 11,080,842
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 11,080,842</u></u>

CELEBRATION POINTE HOLDINGS, LLC
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the activity of the State-Funded State Infrastructure Bank Loan Agreement with Celebration Pointe Holdings, LLC, Contract Number - GOT30. The schedule is presented in accordance with the *Florida Single Audit Act*, Chapter 69I-5 of the Florida Administrative Code, and Chapter 10.650, *Rules of the Auditor General*. State financial assistance expended includes the value of loan distributions received during the year.

Note 2. State Infrastructure Bank Loan

On December 31, 2017 The Company entered into a loan agreement with the State of Florida, Department of Transportation, through the State-Funded State Infrastructure Bank. The loan was for fixed capital outlay portions of improvements in the Celebration Pointe development in southwest Gainesville, Florida. The loan agreement is for \$15,000,000 with an interest rate of 3.5%, to be repaid over 30 years. Expenditures incurred during the year ended December 31, 2018, and the loan balance outstanding on the State Infrastructure Bank Program at December 31, 2018 was \$11,080,842.

Note 3. Contingency

Amounts received are subject to audit and adjustment by grantor agencies. Any disallowed claims may constitute a liability to the Company.

Note 4. Subsequent Events

Subsequent events related to the audit of the financial statement have been evaluated through September 23, 2019, which is the date the financial schedule was available to be issued.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR A STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Mr. Svein Dyrkolbotn
Celebration Pointe Holdings, LLC
Gainesville, Florida

Report on Compliance for the State Infrastructure Bank Program

We have audited Celebration Pointe Holdings, LLC's compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance* that could have a direct and material effect on its State Infrastructure Bank Program for program year ended December 31, 2018.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of state projects applicable to the State Infrastructure Bank Program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Celebration Pointe Holdings, LLC's State Infrastructure Bank Program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance 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 10.650, *Rules of the Auditor General*. Those standards, and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the State Infrastructure Bank Program occurred. An audit includes examining, on a test basis, evidence about Celebration Pointe Holdings, LLC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for Celebration Pointe Holdings, LLC's State Infrastructure Bank Program. However, our audit does not provide a legal determination of Celebration Pointe Holdings, LLC's compliance.

Opinion on Compliance for the State Infrastructure Bank Program

In our opinion, Celebration Pointe Holdings, LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its State Infrastructure Bank Program for the program year ended December 31, 2018.

Report on Internal Control over Compliance

Management of Celebration Pointe Holdings, LLC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Celebration Pointe Holdings, LLC's internal control over compliance with the types of requirements that could have a direct and material effect on its State Infrastructure Bank Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its State Infrastructure Bank Program and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Celebration Pointe Holdings, LLC's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Daytona Beach, Florida
September 24, 2019

**CELEBRATION POINTE HOLDINGS, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF AUDITORS' RESULTS:

- 1) The auditors' report expresses an unmodified opinion on the Schedule of Expenditures of State Financial Assistance.
- 2) No significant deficiencies relating to the audit of the schedule of expenditures of State Financial Assistance are reported in the Independent Auditors' Report on Compliance for a State Program and Report on Internal Control Over Compliance required by *Government Auditing Standards* or in accordance with Chapter 10.650, *Rules of the Auditor General*.
- 3) No instances of noncompliance material to the schedules of expenditures of State Financial Assistance were disclosed during the audit for the program listed in item 6.
- 4) The auditors' reports on compliance for the major state project for Celebration Pointe Holdings, LLC expresses an unmodified opinion on the program listed under item 6.
- 5) There were no audit findings that are required to be reported under Chapter 10.650, *Rules of the Auditor General*.
- 6) Project tested as major project:

State Infrastructure Bank – CFSA #55.020
- 7) The threshold for distinguishing between Type A and B programs was \$750,000.

FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS:

None

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

State Infrastructure Bank CFSA #55.020

Finding #2016-01 Cash Management Procedures Corrective Action was taken with respect to finding #2016-01.

Management Letter

No items related to State financial assistance are required to be reported in a management letter.