

**Cedar Hammock
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2021

Cedar Hammock Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2021

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Cedar Hammock Community Development District
Collier County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Cedar Hammock Community Development District as of and for the year ended September 30, 2021, 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

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 Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Pierce / Stuart

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To the Board of Supervisors
Cedar Hammock Community Development District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Cedar Hammock Community Development District, as of September 30, 2021, and the respective changes in financial position and the 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 Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 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 Cedar Hammock Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

April 22, 2022

**Cedar Hammock Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

Management's discussion and analysis of Cedar Hammock Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in two categories; invested in capital assets, net of related debt, and unrestricted. Assets, liabilities and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and interest on long term debt.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major governmental funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

Cedar Hammock Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds, are included. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights:

The following are the highlights of financial activity for the year ended September 30, 2021.

- ◆ The District's total assets exceeded total liabilities by \$15,385,654 (net position). Unrestricted net position for Governmental Activities was \$539,244. Net investment in capital assets was \$14,846,410.
- ◆ Governmental Activities revenues totaled \$1,044,703 while governmental activities expenses totaled \$430,302.

**Cedar Hammock Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities	
	2021	2020
Current assets	\$ 550,644	\$ 613,051
Capital assets	15,299,410	14,942,332
Total Assets	15,850,054	15,555,383
 Current liabilities	 464,400	 784,130
 Net position - net investment in capital assets	 14,846,410	 14,287,497
Net position - unrestricted	539,244	483,756
 Total Net Position	 \$ 15,385,654	 \$ 14,771,253

The decrease in current assets is the result of the completion of the capital project and the repayment of notes payable in the current year.

The decrease in current liabilities is related to principal payments in the current year.

The increase in capital assets and net position – net investment in capital assets is primarily due to capital additions exceeding depreciation in the current year.

**Cedar Hammock Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

Change in Net Position

	Governmental Activities	
	2021	2020
<u>Governmental Revenues</u>		
Charges for services	\$ 1,016,403	\$ 1,547,077
Intergovernmental revenues	-	1,082
Miscellaneous revenues	25,972	17,875
Investment earnings	2,328	16,665
Total Revenues	<u>1,044,703</u>	<u>1,582,699</u>
 Expenses		
General government	88,561	155,508
Physical environment	320,072	386,146
Interest and other charges	21,669	-
Total Expenses	<u>430,302</u>	<u>541,654</u>
 Change in Net Position	614,401	1,041,045
 Net Position - Beginning of Year	<u>14,771,253</u>	<u>13,730,208</u>
 Net Position - End of Year	<u><u>\$ 15,385,654</u></u>	<u><u>\$ 14,771,253</u></u>

The decrease in charges for services is related to a budgeted decrease in special assessments in the current year.

The decrease in general government is related to the decrease in engineering fees, office supplies and collection fees in the current year.

The decrease in physical environment is primarily related to less contingency and reserve expenditures in the current year.

**Cedar Hammock Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2021 and 2020.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 10,991,512	\$ 10,991,512
Construction in progress	-	2,329,545
Buildings and improvements	3,285,595	359,117
Infrastructure	5,747,726	5,747,726
Equipment	59,496	41,856
Accumulated depreciation	(4,784,919)	(4,527,424)
Total Capital Assets (Net)	<u>\$ 15,299,410</u>	<u>\$ 14,942,332</u>

During the year, depreciation was \$257,495, capital additions were \$614,573 and \$2,329,545 of construction in progress was transferred to buildings and improvements.

General Fund Budgetary Highlights

The budget exceeded actual government expenditures primarily due to less reserve expenditures than were anticipated.

The September 30, 2021 budget was amended for additional capital outlay expenditures that were not anticipated in the original budget.

Debt Management

Governmental Activities debt includes the following:

- In February 2020, the District entered into a loan agreement for \$1,300,000 due May 1, 2022. The balance outstanding at September 30, 2021 was \$453,000.

**Cedar Hammock Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Cedar Hammock Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2022.

Request for Information

The financial report is designed to provide a general overview of Cedar Hammock Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Cedar Hammock Community Development District, Inframark Infrastructure Management Services, Inc., 210 N. University Drive, Suite 702, Coral Springs, Florida 33071.

Cedar Hammock Community Development District
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 532,376
Due from other governments	16,909
Deposits	1,359
Total Current Assets	550,644
Non-Current Assets:	
Capital Assets, Not Being Depreciated	
Land and improvements	10,991,512
Capital Assets, Being Depreciated	
Buildings and improvements	3,285,595
Infrastructure	5,747,726
Equipment	59,496
Less: accumulated depreciation	(4,784,919)
Total Non-Current Assets	15,299,410
Total Assets	15,850,054
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	11,400
Note payable	453,000
Total Current Liabilities	464,400
NET POSITION	
Net investment in capital assets	14,846,410
Unrestricted	539,244
Total Net Position	\$ 15,385,654

See accompanying notes to financial statements.

Cedar Hammock Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Governmental Activities
Primary government			
Governmental Activities			
General government	\$ (88,561)	\$ 544,704	\$ 456,143
Physical environment	(320,072)	471,699	151,627
Interest and other charges	(21,669)	-	(21,669)
Total Governmental Activities	\$ (430,302)	\$ 1,016,403	586,101
General revenues:			
			25,972
			2,328
			28,300
			614,401
			14,771,253
			\$ 15,385,654

See accompanying notes to financial statements.

Cedar Hammock Community Development District
BALANCE SHEET –
GENERAL FUND
September 30, 2021

ASSETS

Cash and cash equivalents	\$ 532,376
Due from other governments	16,909
Deposits	1,359
Total Assets	\$ 550,644

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable and accrued expenses	\$ 11,400
Fund balances	
Nonspendable:	
Deposits	1,359
Assigned:	
Operating reserves	41,784
Bridges reserves	10,000
Bulkheads reserves	10,000
Lakes reserves	10,000
Roadways reserves	95,500
Unassigned	370,601
Total Fund Balances	539,244
Total Liabilities and Fund Balances	\$ 550,644

See accompanying notes to financial statements.

**Cedar Hammock Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021**

Total governmental fund balances	\$	539,244
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets not being depreciated, land and improvements, \$10,991,512, used in governmental activities are not current financial resources and therefore, are not reported at the fund level.		10,991,512
Capital assets being depreciated, building and improvements, \$3,285,595, infrastructure, \$5,747,726, and equipment, \$59,496, net of accumulated depreciation, \$(4,784,919), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.		4,307,898
Notes payable are not payable from available resources and therefore, are not recognized at the fund level.		<u>(453,000)</u>
Net Position of Governmental Activities	\$	<u><u>15,385,654</u></u>

See accompanying notes to financial statements.

Cedar Hammock Community Development District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
GENERAL FUND
For the Year Ended September 30, 2021

Revenues	
Special assessments	\$ 1,016,403
Miscellaneous revenues	25,972
Interest earnings	2,328
Total Revenues	<u>1,044,703</u>
Expenditures	
Current	
General government	88,561
Physical environment	62,577
Capital outlay	614,573
Debt Service	
Principal	847,000
Interest	21,669
Total Expenditures	<u>1,634,380</u>
Excess of revenues over/(under) expenditures	(589,677)
Other Financing Sources/(Uses)	
Issuance of note payable	<u>645,165</u>
Net Change in Fund Balances	55,488
Fund Balances - October 1, 2020	<u>483,756</u>
Fund Balances - September 30, 2021	<u><u>\$ 539,244</u></u>

See accompanying notes to financial statements.

Cedar Hammock Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds \$ 55,488

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount that depreciation, \$(257,495), was exceeded by capital outlay, \$614,573, in the current year. 357,078

The repayment of debt is recognized as an expenditure at the fund level, however, at the government-wide level, the repayment reduces liabilities. 847,000

Proceeds from the issuance of long-term debt are recognized as an other financing source at the fund level, but increase liabilities at the government-wide level. (645,165)

Change in Net Position of Governmental Activities \$ 614,401

See accompanying notes to financial statements.

Cedar Hammock Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
For the Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$1,013,036	\$1,013,036	\$1,016,403	\$ 3,367
Miscellaneous revenues	-	-	25,972	25,972
Interest earnings	10,088	10,088	2,328	(7,760)
Total Revenues	<u>1,023,124</u>	<u>1,023,124</u>	<u>1,044,703</u>	<u>21,579</u>
Expenditures				
Current				
General government	143,150	143,150	88,561	54,589
Physical environment	180,452	180,452	62,577	117,875
Capital outlay	699,522	1,449,522	614,573	834,949
Debt Service				
Principal	-	-	847,000	(847,000)
Interest	-	-	21,669	(21,669)
Total Expenditures	<u>1,023,124</u>	<u>1,773,124</u>	<u>1,634,380</u>	<u>138,744</u>
Excess of revenues over/(under) expenditures	-	(750,000)	(589,677)	160,323
Other Financing Sources/(Uses)				
Issuance of note payable	<u>-</u>	<u>-</u>	<u>645,165</u>	<u>645,165</u>
Net change in fund balances	-	(750,000)	55,488	805,488
Fund Balances - October 1, 2020	<u>318,020</u>	<u>428,607</u>	<u>483,756</u>	<u>55,149</u>
Fund Balances - September 30, 2021	<u>\$ 318,020</u>	<u>\$ (321,393)</u>	<u>\$ 539,244</u>	<u>\$ 860,637</u>

See accompanying notes to financial statements.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF ACCOUNTING POLICIES

The financial statements of Cedar Hammock Community Development District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established on November 23, 1999, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by ordinance of the Board of County Commissioners of Collier County, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and waste water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or outside the boundaries of the District. The District is governed by a five-member Board of Supervisors who are elected for four-year terms. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are normally supported by special assessments and interest.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications include non-spendable, restricted, committed, assigned and unassigned.

The District has a policy governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon 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 generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as bonds payable, be reported in the governmental activities column in the government-wide statement of net position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

b. Restricted Assets

Certain assets of the District and a corresponding liability or portion of net position is classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

c. Capital Assets

Capital assets, which include land, buildings and improvements, infrastructure and equipment, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	20-50 years
Infrastructure	20-30 years
Equipment	5-10 years

d. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$539,244, differs from “net position” of governmental activities, \$15,385,654, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (land, buildings, infrastructure and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land and improvements	\$ 10,991,512
Buildings and improvements	3,285,595
Infrastructure	5,747,726
Equipment	59,496
Accumulated depreciation	<u>(4,784,919)</u>
Total	<u>\$ 15,299,410</u>

Notes payable

Notes payable that are not expected to be paid from available spendable resources and therefore, are not reflected at the fund level.

Notes payable	<u>\$ (453,000)</u>
---------------	---------------------

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$55,488, differs from the “change in net position” for governmental activities, \$614,401, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year.

Depreciation		\$	(257,495)
Capital outlay			614,573
Total			357,078

Long-term debt transactions

Proceeds from the issuance of long-term debt are recognized as an other financing source at the fund level, but increase liabilities at the government-wide level.

Issuance of long-term debt		\$	(645,165)
Debt repayment			847,000
Total			201,835

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2021, the District's bank balance was \$536,019 and the carrying value was \$532,376. Exposure to custodial credit risk was as follows. The District maintains all deposits and certificates of deposit in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

As of September 30, 2021, the District did not have any investments.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of September 30, 2021, the District did not hold any investments.

NOTE D – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2020-2021 fiscal year were levied in October 2020. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on, or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land and improvements	\$ 10,991,512	\$ -	\$ -	\$ 10,991,512
Construction in progress	2,329,545	-	2,329,545	-
Total Capital Assets, Not Depreciated	<u>13,321,057</u>	<u>-</u>	<u>2,329,545</u>	<u>10,991,512</u>
Capital assets, being depreciated:				
Building and improvements	359,117	2,926,478	-	3,285,595
Infrastructure	5,747,726	-	-	5,747,726
Equipment	41,856	17,640	-	59,496
Total Capital Assets, Being Depreciated	<u>6,148,699</u>	<u>2,944,118</u>	<u>-</u>	<u>9,092,817</u>
Less accumulated depreciation for:				
Building and improvements	(249,443)	(58,277)	-	(307,720)
Infrastructure	(4,245,338)	(194,169)	-	(4,439,507)
Equipment	(32,643)	(5,049)	-	(37,692)
Total Accumulated Depreciation	<u>(4,527,424)</u>	<u>(257,495)</u>	<u>-</u>	<u>(4,784,919)</u>
Total Capital Assets Depreciated, Net	<u>1,621,275</u>	<u>2,686,623</u>	<u>-</u>	<u>4,307,898</u>
Governmental Activities Capital Assets	<u>\$ 14,942,332</u>	<u>\$ 2,686,623</u>	<u>\$ 2,329,545</u>	<u>\$ 15,299,410</u>

Depreciation of \$257,495 was charged to physical environment.

NOTE F – LONG-TERM DEBT

In February 2020, the District entered into a loan agreement for \$1,300,000 at an interest rate of 3.35% due May 1, 2022. As of September 30, 2021, the outstanding balance was \$453,000.

The following is a summary of activity for note payable of the Governmental Activities for the year ended September 30, 2021:

Notes payable at October 1, 2020	\$ 654,835
Draws on note payable	645,165
Principal payments	<u>(847,000)</u>
Notes Payable at September 30, 2021	<u>\$ 453,000</u>

Summary of Significant Terms and Covenants

The District levies special assessments pursuant to loan agreement and the assessment rolls are approved by resolutions of the District Board. The collections are to be strictly accounted for and applied to the loan for which they were levied. The District covenants to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the loan. However, payment of principal and interest is dependent on the money available and the District's ability to collect special assessments levied.

Cedar Hammock Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE G – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no claims or settled claims from these risks that have exceeded commercial insurance coverage over the past three years.



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INDEPENDENT AUDITORS' 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
Cedar Hammock Community Development District
Collier County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cedar Hammock Community Development District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cedar Hammock Community Development District's internal control over financial reporting (internal control) as a basis for designing 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 Cedar Hammock Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cedar Hammock Community Development 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Supervisors
Cedar Hammock Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Hammock Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

April 22, 2022



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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MANAGEMENT LETTER

To the Board of Supervisors
Cedar Hammock Community Development District
Collier County, Florida

Report on the Financial Statements

We have audited the financial statements of the Cedar Hammock Community Development District as of and for the year ended September 30, 2021, and have issued our report thereon dated April 22, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated April 22, 2022, 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 made to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Financial Condition

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

To the Board of Supervisors
Cedar Hammock Community Development District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2021 for the Cedar Hammock Community Development District. It is management's responsibility to monitor the Cedar Hammock Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

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.

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Cedar Hammock Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: N/A
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 4
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: N/A
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$195,015
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2020, together with the total expenditures for such project: N/A
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended, see schedule on the following page.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Cedar Hammock Community Development District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: General Fund \$2,207.54.
- 8) The amount of special assessments collected by or on behalf of the District: Total Special Assessments collected was \$1,016,403.
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds: The District has no outstanding bonds.

To the Board of Supervisors
Cedar Hammock Community Development District

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance with Original Budget Positive (Negative)</u>
Revenues			
Special assessments	\$ 1,013,036	\$ 1,016,403	\$ 3,367
Interest earning	10,088	2,328	(7,760)
Miscellaneous revenues	-	25,972	25,972
Total Revenues	<u>1,023,124</u>	<u>1,044,703</u>	<u>21,579</u>
Expenditures			
Current			
General government	143,150	88,561	54,589
Physical environment	180,452	62,577	117,875
Capital outlay	699,522	614,573	84,949
Debt Service			
Principal	-	847,000	(847,000)
Interest	-	21,669	(21,669)
Total Expenditures	<u>1,023,124</u>	<u>1,634,380</u>	<u>(611,256)</u>
Excess of revenues over/(under) expenditures	-	(589,677)	(589,677)
Other Financing Sources/(Uses)			
Issuance of note payable	-	645,165	645,165
Net changes in fund balance	-	55,488	55,488
Fund Balances - October 1, 2020	<u>318,020</u>	<u>483,756</u>	<u>165,736</u>
Fund Balances - September 30, 2021	<u>\$ 318,020</u>	<u>\$ 539,244</u>	<u>\$ 221,224</u>

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.



To the Board of Supervisors
Cedar Hammock Community Development District

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.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

April 22, 2022



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**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Cedar Hammock Community Development District
Collier County, Florida

We have examined Cedar Hammock Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management is responsible for Cedar Hammock Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Cedar Hammock Community Development 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, accordingly, included examining, on a test basis, evidence about Cedar Hammock Community Development 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 Cedar Hammock Community Development District's compliance with the specified requirements.

In our opinion, Cedar Hammock Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

April 22, 2022