

Central Lake Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2023

Central Lake Community Development District

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TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
REPORT OF INDEPENDENT AUDITORS	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-7
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Enterprise Fund	8
Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund	9
Statement of Cash Flows – Enterprise Fund	10
Notes to Financial Statements	11-18
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 <i>GOVERNMENT AUDITING STANDARDS</i>	19-20
MANAGEMENT LETTER	21-23
INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	24



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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Central Lake Community Development District
Lake County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the Enterprise Fund of Central Lake Community Development District (the "District"), as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Enterprise Fund of Central Lake Community Development District as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



To the Board of Supervisors
Central Lake Community Development District

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



To the Board of Supervisors
Central Lake Community Development District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 November 6, 2024 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 Central Lake Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines & Frank*

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

November 6, 2024

Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Management's Discussion and Analysis (MD&A) of Central Lake 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 two components; 1) *Financial statements*, 2) *Notes to financial statements*. The *financial statements* present financial information for the District's major fund. The *Notes to financial statements* provide additional information concerning the District's finances that are not disclosed in the financial statements.

The *District financial statements* consist of three basic financial statements: the **Statement of Net Position**, the **Statement of Revenues, Expenses and Changes in Net Position** and the **Statement of Cash Flows**. These statements provide information on the District as a whole and present a long-term view of the District's Finances.

The Management's Discussion and Analysis, Financial Statements and accompanying Notes are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements.

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 is reported in three categories; 1) net investment in capital assets, 2) restricted and 3) unrestricted.

Assets

Total assets of the District at September 30, 2023 were \$3,236,227. Total assets increased by \$100,690 or 3.21% from the prior fiscal year primarily due to a increase in cash and investments. Total non-current assets net of depreciation and amortization was \$2,749,733.

Liabilities

Total liabilities of the District at September 30, 2023 were \$3,149,717, a decrease of \$(10,604) or (.34)% decrease from the prior year. This decrease is primarily attributed to a decrease in other current liabilities at fiscal year-end.

**Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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, 2023.

- The District's total liabilities exceeded total assets by \$86,510 (net position).
- The Enterprise Fund had \$923,367 in revenues and \$812,073 in expenses.

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

	Enterprise Fund	
	2023	2022
Current assets	\$ 486,494	\$ 284,475
Capital assets	2,749,733	2,851,062
Total Assets	3,236,227	3,135,537
Current liabilities	100,575	83,743
Non-current liabilities	3,049,142	3,076,578
Total Liabilities	3,149,717	3,160,321
Net Position		
Net investment in capital assets	(326,845)	131,118
Net position - unrestricted	413,355	(155,902)
Total Net Position	\$ 86,510	\$ (24,784)

The decrease in capital assets is related to depreciation/amortization exceeding the equipment additions in the current year.

The decrease in liabilities is related to the decrease in other liabilities in the current year.

**Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

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

	Enterprise Fund	
	2023	2022
Program Revenues		
Charges for services	\$ 712,719	\$ 593,515
General Revenues		
Investment earnings	691	177
Miscellaneous	209,957	119,094
Total Revenues	<u>923,367</u>	<u>712,786</u>
Expenses		
General government	161,774	171,000
Water and sewer	526,661	387,289
Interest and other charges	123,638	124,670
Total Expenses	<u>812,073</u>	<u>682,959</u>
Change in Net Position	111,294	29,827
Net Position - Beginning of Year	(24,784)	(54,611)
Net Position - End of Year	<u>\$ 86,510</u>	<u>\$ (24,784)</u>

The increase in charges for services is primarily related to the increase in water and sewer revenues in the current year.

The increase in miscellaneous revenues is due to more utility expansion fees collected in the current year.

The decrease in total expenses is related to decreases in engineering, and repairs and maintenance expenses in the current year.

**Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets at September 30, 2023 and 2022.

<u>Description</u>	<u>Enterprise Fund</u>	
	<u>2023</u>	<u>2022</u>
Right-to-use asset, net	\$ 2,658,127	\$ 2,719,944
Equipment	204,063	204,063
Accumulated depreciation	(112,457)	(72,944)
Total Capital Assets (Net)	<u>\$ 2,749,733</u>	<u>\$ 2,851,063</u>

The Enterprise Fund had depreciation/amortization of \$101,330.

Economic Factors and Next Year's Budget

Central Lake Community Development District does not expect any economic factors to have a significant effect on the financial position or results of operations of the water and sewer operation of the District in fiscal year 2024.

Request for Information

The financial report is designed to provide a general overview of Central Lake 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 Central Lake Community Development District, Government Management Services-CF, LLC, 219 East Livingston Street, Orlando, Florida 32801.

Central Lake Community Development District
STATEMENT OF NET POSITION – ENTERPRISE FUND
September 30, 2023

	Water and Sewer Fund
ASSETS	
Current Assets	
Cash	\$ 384,043
Investments	12,932
Accounts receivable	63,463
Prepaid expenses	26,056
Total Current Assets	<u>486,494</u>
Non-current Assets	
Capital assets, being depreciated:	
Right-to-use-asset, net	2,658,127
Equipment	204,063
Accumulated depreciation	<u>(112,457)</u>
Total Non-current Assets	<u>2,749,733</u>
Total Assets	<u>3,236,227</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	48,139
Other current liabilities	25,000
Lease payable	27,436
Total Current Liabilities	<u>100,575</u>
Non-current Liabilities	
Lease payable	3,049,142
Total Liabilities	<u>3,149,717</u>
NET POSITION	
Net investment in capital assets	(326,845)
Unrestricted	413,355
Total Net Position	<u>\$ 86,510</u>

See accompanying notes.

Central Lake Community Development District
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – ENTERPRISE FUND
For the Year Ended September 30, 2023

	Water and Sewer Fund
Operating Revenues	
Water and sewer charges	\$ 606,963
Reservation and maintenance fees	105,756
Miscellaneous revenues	209,957
Total Operating Revenues	<u>922,676</u>
Operating Expenses	
General and administrative	161,774
Cost of sales and services	526,661
Total Operating Expenses	<u>688,435</u>
Operating Income/(Loss)	234,241
Non-operating revenues/(expenses)	
Interest and other charges	(123,638)
Interest income	691
Total Non-operating revenues/(expenses)	<u>(122,947)</u>
Change In Net Position	111,294
Net Position - October 1, 2022	<u>(24,784)</u>
Net Position - September 30, 2023	<u><u>\$ 86,510</u></u>

See accompanying notes.

Central Lake Community Development District
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
For the Year Ended September 30, 2023

	Water and Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 676,586
Cash received from other sources	209,957
Cash paid to suppliers	<u>(571,783)</u>
Net Cash Provided By Operating Activities	<u>314,760</u>
Cash Flows From Capital and Related Financing Activities:	
Lease principal payments	(26,362)
Lease interest payments	<u>(123,638)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(150,000)</u>
Cash Flows From Investing Activities:	
Proceeds from sale of investments	4,300
Purchases of investments	(692)
Interest income	<u>691</u>
Net Cash Provided by Investing Activities	<u>4,299</u>
Net increase in cash and cash equivalents	169,059
Cash and equivalents - October 1, 2022	<u>214,984</u>
Cash and equivalents - September 30, 2023	<u><u>\$ 384,043</u></u>
Reconciliation of Net Operating income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities	
Operating income/(loss)	<u>\$ 234,241</u>
Adjustments to reconcile operating income to net cash (used) by operating activities	
Depreciation/amortization	101,330
Changes in assets and liabilities	
Increase in accounts receivable	(30,343)
Increase in prepaid expenses	(6,225)
Increase in accounts payable and accrued liabilities	21,547
Decrease in other current liabilities	<u>(5,790)</u>
Total Adjustments	<u>80,519</u>
Net Cash Provided By Operating Activities	<u><u>\$ 314,760</u></u>

See accompanying notes.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Central Lake 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 May 11, 2001 pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by an Ordinance #2001-75 of the Board of County Commissioners of Lake 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 water and wastewater system necessary for community development within its jurisdiction. The District is governed by a five-member Board of Supervisors who are elected by qualified electors of the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Central Lake Community Development 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 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, the District has identified no component units.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation

The Water and Sewer Fund is an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expense including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, meter fees and connection fees, or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues result from non-exchange transactions or ancillary activities.

3. 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. Negotiable direct or indirect obligations which are secured by the United States Government;
2. The Local Government Surplus Funds Trust as created by Section 218.415, Florida Statutes;
3. Interest-bearing time deposits or savings accounts in authorized financial institutions;
4. Obligations guaranteed by the Government National Mortgage Association or similarly structured and secured associations or corporations.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

b. Restricted Assets

Certain net position of the District is classified as restricted net position 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 net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

Capital assets, which includes equipment, are reported in the Statement of Net Position.

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 two years. 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:

Equipment	5 years
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d. Leases

The District determines if an arrangement is a lease at inception. Lessee arrangements for governmental funds are included as right-to-use lease assets and lease liabilities in the Statement of Net Position. Lessee arrangements for proprietary funds are included as right-to-use lease assets and lease liabilities in the Statement of Net Position.

Payment for short-term leases with a lease term of twelve months or less are recognized as expenses as incurred. The District has a \$25,000 threshold, for total lease payments, for leases subject to GASB 87. Short-term leases and leases under the threshold are not included as lease liabilities or right-to-use lease assets on the Statement of Net Position. The right-to-use assets are amortized on a straight-line basis over the terms of the related leases.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE B – 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, 2023, the District's deposits had a bank balance of \$408,361 and a carrying value of \$384,043. Exposure to custodial credit risk was as follows. The District maintains all deposits 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.

Investments

As of September 30, 2023, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Florida PRIME	35 days*	<u>\$ 12,932</u>

*Weighted average maturity

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

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

Based on the criteria in the preceding paragraph, the District did not have any investment subject to the fair value hierarchy.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that would limit daily access to 100 percent of the account value.

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2023, Florida PRIME was rated AAAM by Standard & Poor's.

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.

Concentration of Credit Risk

The District places no limit on the amount it may invest. The investments in the Florida PRIME represents 100% of the Districts total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2023 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE C – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
<u>Enterprise Fund</u>				
Capital assets, being depreciated:				
Right to use asset	\$ 2,719,944	\$ -	\$ (61,817)	\$ 2,658,127
Equipment	204,063	-	-	204,063
Total capital assets, depreciated	<u>2,924,007</u>	<u>-</u>	<u>(61,817)</u>	<u>2,862,190</u>
Less accumulated depreciation for:				
Equipment	<u>(72,944)</u>	<u>(39,513)</u>	<u>-</u>	<u>(112,457)</u>
Capital Assets, Net	<u><u>\$ 2,851,063</u></u>	<u><u>\$ (39,513)</u></u>	<u><u>\$ (61,817)</u></u>	<u><u>\$ 2,749,733</u></u>

Depreciation charged to the water and sewer function was \$39,513.

NOTE D – RAM FEES

The District began assessing a \$2 per month Reserve and Maintenance (“RAM”) fee on each equivalent residential connection (“ERC”) of undeveloped lands in December 2014. The fee increased to \$4 per month in April 2016. The Board held a public hearing and adopted the fee via motion at the beginning of fiscal year 2015. The fees are to cover maintenance costs for the idle sewer plant which is not yet being used due to undeveloped units. RAM fees totaled \$105,296 during the year-end September 30, 2023, which includes a receivable balance of \$209.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE E – LEASES

Business-type Activities

The District, as lessee, entered into an agreement to lease a water and wastewater facility from a related party. The agreement qualifies as a lease under GASB 87 and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. In addition, in accordance with the implementation of GASB 87, the District has recorded a right-to-use asset for the leased facility.

In July 2002, the initial agreement was executed to lease a water and wastewater facility and requires 60 monthly base payments of \$15,000. In August 2006, the original lease was amended to provide the District with six optional 10-year renewals. In January 2013, the lease was amended to decrease the monthly base amount to \$12,500. The District has exercised two of the six optional renewals, and it is reasonably likely that the remaining renewal options will be exercised. The lease liability was measured at a discount rate of 4%, which is the District's incremental borrowing rate. In addition to monthly base payments, the District recognized variable lease payments for facility maintenance costs totaling \$38,909 for the year-end September 30, 2023. As a result of the lease, the District reported a right-to-use asset with a net book value of \$2,658,127 at September 30, 2023.

The future minimum payments under these lease agreements and the present value of the minimum payments as of September 30, 2023, were as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 27,436	\$ 122,564	\$ 150,000
2025	28,554	121,446	150,000
2026	29,717	120,283	150,000
2027	30,928	119,072	150,000
2028	32,188	117,812	150,000
2029-2033	181,713	568,287	750,000
2034-2038	221,871	528,129	750,000
2039-2043	270,904	479,096	750,000
2044-2048	330,773	419,227	750,000
2049-2053	403,873	346,127	750,000
2054-2058	493,128	256,872	750,000
2059-2063	602,107	147,893	750,000
2064-2066	423,386	26,614	450,000
Totals	<u>\$ 3,076,578</u>	<u>\$ 3,373,422</u>	<u>\$ 6,450,000</u>

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE E – LEASES (CONTINUED)

The District has recorded right-to-use leased assets for the facility equipment. Right-to-use asset activity for the year ended September 30, 2023, was as follows:

	<u>Balance October 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2023</u>
Right-to-use assets				
Leased facility	\$ 2,843,578	\$ -	\$ -	\$ 2,843,578
Less accumulated amortization for:				
Leased facility	(123,634)	(61,817)	-	(185,451)
Right-to-use Assets, Net	<u>\$ 2,719,944</u>	<u>\$ (61,817)</u>	<u>\$ -</u>	<u>\$ 2,658,127</u>

NOTE F – ECONOMIC DEPENDENCY

Three of the five board members are related and share an interest in the ownership and development of the District. The remaining two board members are affiliated with a major commercial landowner within the District.

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. Settled claims from these risks have not 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
Central Lake Community Development District
Lake 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, as listed in the table of contents, of Central Lake Community Development District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated November 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Lake 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 Central Lake Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Lake 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 or significant deficiencies may exist that have not been identified.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Central Lake Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Lake 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*

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

November 6, 2024



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MANAGEMENT LETTER

To the Board of Supervisors
Central Lake Community Development District
Lake County, Florida

Report on the Financial Statements

We have audited the financial statements of the Central Lake Community Development District as of and for the year ended September 30, 2023, and have issued our report thereon dated November 6, 2024.

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 those reports, which are dated November 6, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Central Lake 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 Central Lake Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.



To the Board of Supervisors
Central Lake Community Development District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Central Lake Community Development District. It is management's responsibility to monitor the Central Lake 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 as of September 30, 2023.

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 Central Lake Community Development District reported:

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 8
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$0
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$395,744
- 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, 2022, 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 not amended.

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

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: N/A, Enterprise Fund only.
- 2) The amount of special assessments collected by or on behalf of the District: Total Special Assessments collected was N/A.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: No outstanding bonds.



To the Board of Supervisors
Central Lake Community Development District

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

*Berger Toombs Elam
Gaines & Frank*

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

November 6, 2024



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

To the Board of Supervisors
Central Lake Community Development District
Lake County, Florida

We have examined Central Lake Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2023. Management is responsible for Central Lake Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Central Lake 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 Central Lake 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 Central Lake Community Development District's compliance with the specified requirements.

In our opinion, Central Lake Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

*Berger Toombs Elam
Gaines & Frank*

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

November 6, 2024