

Financial Statements

September 30, 2023

**Enterprise Community
Development District**

Enterprise Community Development District
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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Enterprise Community Development District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the *Enterprise Community Development District* (the "District"), as of and for the year ended September 30, 2023, and the related notes to the 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 governmental activities, business-type activities, and each major fund of the District as of September 30, 2023, and the respective changes in financial position and where applicable cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities 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 opinions. 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 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 would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information 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 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 our report dated June 21, 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, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDismit Davis

Orlando, Florida
June 21, 2024

Our discussion and analysis of *Enterprise Community Development District's* (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Financial Highlights

- The assets of the District exceeded its liabilities at September 30, 2023 by \$40,771,073, an increase in net position of \$854,913 in comparison with the prior year.
- At September 30, 2023, the District's governmental funds reported a fund balance of \$3,025,461, an increase of \$310,858 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *Enterprise Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government, and maintenance and operations related functions. The business-type activities of the District include the water and sewer operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has two fund categories: Governmental and Proprietary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund.

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

Proprietary Funds

The District maintains one type of proprietary fund: enterprise. The District maintains one enterprise fund. An enterprise fund is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for the operations of the water and sewer utility. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer fund, which is considered a major fund.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Statement of Net Position

The District's net position was \$40,771,073 at September 30, 2023. The following analysis focuses on the net position of the District's governmental activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 3,086,467	\$ 2,798,286	\$ 16,189,864	\$ 15,868,130	\$ 19,276,331	\$ 18,666,416
Capital assets, net	4,975,541	5,034,745	19,514,824	20,349,982	24,490,365	25,384,727
Total assets	8,062,008	7,833,031	35,704,688	36,218,112	43,766,696	44,051,143
Deferred Outflows	-	-	20,170	50,424	20,170	50,424
Liabilities:						
Current liabilities	61,006	83,683	1,994,787	2,206,724	2,055,793	2,290,407
Long-term liabilities	-	-	960,000	1,895,000	960,000	1,895,000
Total liabilities	61,006	83,683	2,954,787	4,101,724	3,015,793	4,185,407
Net Position:						
Net investment in capital assets	4,975,541	5,034,745	18,574,994	18,505,406	23,550,535	23,540,151
Restricted	-	-	9,143,680	8,474,133	9,143,680	8,474,133
Unrestricted	3,025,461	2,714,603	5,051,397	5,187,273	8,076,858	7,901,876
Total net position	\$ 8,001,002	\$ 7,749,348	\$ 32,770,071	\$ 32,166,812	\$ 40,771,073	\$ 39,916,160

Enterprise Community Development District
Management's Discussion and Analysis

Changes in Net Position

The following is a summary of the District's activities for the fiscal years ended September 30.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 350,714	\$ 350,752	\$ 8,498,899	\$ 7,593,869	\$ 8,849,613	\$ 7,944,621
Connection charges	-	-	380,946	2,095,494	380,946	2,095,494
General Revenues:						
Investment income	103,694	8,447	273,971	20,826	377,665	29,273
Right of way revenues	486,432	364,487	-	-	486,432	364,487
Miscellaneous	53	9,305	-	-	53	9,305
Total revenues	940,893	732,991	9,153,816	9,710,189	10,094,709	10,443,180
Expenses:						
Governmental Activities:						
General government	143,195	150,190	-	-	143,195	150,190
Maintenance and operations	546,044	621,962	-	-	546,044	621,962
Interest	-	-	75,937	103,869	75,937	103,869
Water and sewer	-	-	8,474,620	7,523,184	8,474,620	7,523,184
Total expenses	689,239	772,152	8,550,557	7,627,053	9,239,796	8,399,205
Increase (Decrease) in Net Position	251,654	(39,161)	603,259	2,083,136	854,913	2,043,975
Net position, beginning	7,749,348	7,788,509	32,166,812	30,083,676	39,916,160	37,872,185
Net position, end	\$ 8,001,002	\$ 7,749,348	\$ 32,770,071	\$ 32,166,812	\$ 40,771,073	\$ 39,916,160

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2023 was \$689,239. The majority of these costs are comprised of maintenance and operations expense. The cost of all business-type activities during the year ended September 30, 2023 was \$8,550,557, consisting primarily of water and sewer expenses.

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near - term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2023, the District's governmental funds reported combined ending fund balances of \$3,025,461. Of this total, \$172,992 is assigned and the remainder of \$2,852,469 is unassigned.

The general fund balance increase of \$310,858 in the current year was due to decreased expenditures.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the September 30, 2023 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2023, the District had \$24,490,365 invested in assets, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2023, the District had \$960,000 in bonds outstanding. More detailed information about the District's capital debt is presented in the notes to the financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the *Enterprise Community Development District's* Finance Department at 210 North University Drive, Suite 702, Coral Springs, Florida, 33071.

FINANCIAL STATEMENTS

Enterprise Community Development District
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 1,097,830	\$ 1,527,219	\$ 2,625,049
Investments	2,125,192	3,285,402	5,410,594
Accounts receivable	40,000	835,530	875,530
Due from other governments	2,796	83,510	86,306
Internal balances	(179,351)	179,351	-
Prepaid items and deposits	-	2,188	2,188
Restricted Assets:			
Temporarily restricted cash	-	1,132,984	1,132,984
Temporarily restricted investments	-	9,143,680	9,143,680
Capital Assets:			
Capital assets not being depreciated	4,413,271	5,992,789	10,406,060
Capital assets, net of depreciation	562,270	13,522,035	14,084,305
Total assets	8,062,008	35,704,688	43,766,696
Deferred Outflows of Resources:			
Deferred charge on refunding	-	20,170	20,170
Total deferred outflows of resources	-	20,170	20,170
Liabilities:			
Accounts payable and accrued expenses	61,006	849,665	910,671
Accrued interest payable	-	12,138	12,138
Deposits, payable from restricted assets	-	1,132,984	1,132,984
Noncurrent Liabilities:			
Bonds Payable:			
Due within one year	-	960,000	960,000
Total liabilities	61,006	2,954,787	3,015,793
Net Position:			
Net investment in capital assets	4,975,541	18,574,994	23,550,535
Restricted for debt service	-	9,143,680	9,143,680
Unrestricted	3,025,461	5,051,397	8,076,858
Total net position	\$ 8,001,002	\$ 32,770,071	\$ 40,771,073

Enterprise Community Development District
Statement of Activities
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 143,195	\$ 72,864	\$ -	\$ -	\$ (70,331)	\$ -	\$ (70,331)
Maintenance and operations	546,044	277,850	-	-	(268,194)	-	(268,194)
Total governmental activities	689,239	350,714	-	-	(338,525)	-	(338,525)
Business-type Activities:							
Water and sewer expenses	8,474,620	8,498,899	-	380,946	-	405,225	405,225
Interest on long-term debt	75,937	-	-	-	-	(75,937)	(75,937)
Total business-type activities	8,550,557	8,498,899	-	380,946	-	329,288	329,288
Total primary government	9,239,796	8,849,613	-	380,946	(338,525)	329,288	(9,237)
General Revenues:							
Unrestricted investment earnings					103,694	273,971	377,665
Right of way revenue					486,432	-	486,432
Miscellaneous revenues					53	-	53
Total general revenues					590,179	273,971	864,150
Change in net position					251,654	603,259	854,913
Net position, beginning					7,749,348	32,166,812	39,916,160
Net position, ending					\$ 8,001,002	\$ 32,770,071	\$ 40,771,073

Enterprise Community Development District
Balance Sheet
Governmental Funds
September 30, 2023

	<u>General</u>	<u>Total Governmental Funds</u>
Assets:		
Cash	\$ 1,097,830	\$ 1,097,830
Investments	2,125,192	2,125,192
Due from other governments	2,796	2,796
Accounts receivable	40,000	40,000
Total assets	<u>\$ 3,265,818</u>	<u>\$ 3,265,818</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued expenses	\$ 61,006	\$ 61,006
Due to other funds	179,351	179,351
Total liabilities	<u>240,357</u>	<u>240,357</u>
Fund Balances:		
Assigned for:		
Operating reserves	172,992	172,992
Unassigned	2,852,469	2,852,469
Total fund balances	<u>3,025,461</u>	<u>3,025,461</u>
Total Liabilities and Fund Balances	<u>\$ 3,265,818</u>	

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

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

	<u>4,975,541</u>
Net Position of Governmental Activities	<u>\$ 8,001,002</u>

Enterprise Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2023

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
Assessments	\$ 350,714	\$ 350,714
Right of way fees	486,432	486,432
Interest income	103,694	103,694
Other revenues	53	53
Total revenues	<u>940,893</u>	<u>940,893</u>
Expenditures:		
Current:		
General government	143,195	143,195
Maintenance and operations	486,840	486,840
Total expenditures	<u>630,035</u>	<u>630,035</u>
Net change in fund balances	310,858	310,858
Fund balances, beginning of year	2,714,603	2,714,603
Fund balances, end of year	<u>\$ 3,025,461</u>	<u>\$ 3,025,461</u>

Enterprise Community Development District
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**
Year Ended September 30, 2023

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

Net Change in Fund Balances - total governmental funds	\$ 310,858
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Governmental Funds report outlays for Capital Assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets. Depreciation on capital assets is not recognized in the governmental fund statement; however, it is reported as an expense in the statement of activities.

Depreciation expense	<u>(59,204)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 251,654</u></u>

Enterprise Community Development District
Statement of Revenues, Expenditures and Changes in Fund
Balance Budget and Actual - General Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 350,267	\$ 350,267	\$ 350,714	\$ 447
Right of Way Fees	330,000	330,000	486,432	156,432
Interest	2,807	2,807	103,694	100,887
Other Revenues	-	-	53	53
Total revenues	683,074	683,074	940,893	257,819
Expenditures:				
Current:				
General government	138,821	138,821	143,195	(4,374)
Maintenance and operations	553,147	553,147	486,840	66,307
Total expenditures	691,968	691,968	630,035	61,933
Net change in fund balance	\$ (8,894)	\$ (8,894)	310,858	\$ 319,752
Fund balance, beginning			2,714,603	
Fund balance, ending			\$ 3,025,461	

Enterprise Community Development District
Statement of Net Position
Proprietary Fund
September 30, 2023

	<u>Enterprise Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 1,527,219
Investments	3,285,402
Restricted Assets:	
Cash and cash equivalents	1,132,984
Investments	9,143,680
Accounts receivable, net	835,530
Due from other government	83,510
Due from other funds	179,351
Prepays and deposits	2,188
Total current assets	<u>16,189,864</u>
Non-current Assets:	
Capital Assets:	
Land	218,400
Construction in progress	5,774,389
Improvements and infrastructure	29,903,583
Intangible assets, right to use	344,576
Less accumulated depreciation	<u>(16,726,124)</u>
Total non-current assets	<u>19,514,824</u>
Total assets	<u>35,704,688</u>
Deferred Outflows of Resources	
Deferred charge on refunding (debit)	<u>20,170</u>
Total deferred outflows of resources	<u>20,170</u>
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	849,665
Deposits payable from restricted assets	1,132,984
Accrued bond interest payable	12,138
Bonds, notes and loans payable	<u>960,000</u>
Total current liabilities	<u>2,954,787</u>
Total liabilities	<u>2,954,787</u>
Net Position	
Net investment in capital assets	18,574,994
Restricted for debt service	9,143,680
Unrestricted	<u>5,051,397</u>
Total net position	<u>\$ 32,770,071</u>

Enterprise Community Development District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended September 30, 2023

	<u>Enterprise Fund</u>
Revenues	
Charges for services	\$ 8,264,024
Miscellaneous	234,875
Total operating revenues	<u>8,498,899</u>
Operating Expenses	
General and administrative	177,205
Water purchases and wastewater treatment	7,462,257
Depreciation	835,158
Total Operating Expenses	<u>8,474,620</u>
Operating income	<u>24,279</u>
Non-Operating Revenues (Expenses)	
Interest income	273,971
Interest expense	(75,937)
Total non-operating revenue (expenses)	<u>198,034</u>
Income (loss) before contributions and transfers	222,313
Capital contributions, connection charges	380,946
Change in net position	603,259
Total net position, beginning	<u>32,166,812</u>
Total net position, ending	<u><u>\$ 32,770,071</u></u>

Enterprise Community Development District
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2023

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 8,102,701
Payments to suppliers of goods and services	<u>(7,767,374)</u>
Net cash provided by (used in) operating activities	<u>335,327</u>
Cash Flows from Non-Capital Financing Activities:	
Connection fees	380,946
Decrease in due to/from other funds	<u>176,347</u>
Net cash provided by (used in) non-capital financing activities	<u>557,293</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid on debt	(935,000)
Interest paid on debt	<u>(57,506)</u>
Net cash provided by (used by) capital and related financing activities	<u>(992,506)</u>
Cash Flows from Investing Activities:	
Interest earnings	273,971
Purchase of Investments	<u>(3,954,949)</u>
Net cash used by investing activities	<u>(3,680,978)</u>
Net decrease in cash and cash equivalents	(3,780,864)
Cash and cash equivalents, beginning	<u>6,441,067</u>
Cash and cash equivalents, ending	<u>\$ 2,660,203</u>
Classified As:	
Cash and cash equivalents	\$ 1,527,219
Restricted cash and cash equivalents	<u>1,132,984</u>
Total	<u>\$ 2,660,203</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating income	<u>\$ 24,279</u>
Adjustments Not Affecting Cash:	
Depreciation	835,158
Change in Assets and Liabilities:	
(Increase) Decrease in accounts receivable	(300,809)
(Increase) Decrease due from other governments	(28,560)
(Increase) Decrease in prepaids	5,373
Increase (Decrease) in accounts payable	(133,285)
Increase (Decrease) in customer deposits	<u>(66,829)</u>
Total adjustments	<u>311,048</u>
Net cash provided by operating activities	<u>\$ 335,327</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Enterprise Community Development District ("District") was created on March 29, 1994 by Rule 42R of the Florida Land and Water Adjudicatory Commission, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District encompasses approximately 1,552 acres of an anticipated 9,500 acre planned community ("Enterprise") being developed by The Celebration Company ("Developer"), a subsidiary of The Walt Disney Company.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2023, two of the Board members are affiliated with the Developer and the Walt Disney Company.

The Board has the final responsibility for:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 14, 39, and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Government-Wide and Fund Financial Statements

The financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants, contributions and investment income that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance special assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Water and sewer connection fees received are available for the payment of debt service on the District's bonds and for costs associated with the construction, reconstruction and expansion of the District's utility systems. These fees are included in restricted investments on the Enterprise Fund Statement of Net Position until spent for the designated purpose.

The District reports the following major funds:

General Fund

Is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Water and Sewer Fund

Accounts for the water and sewer operations of the District that are financed and supported primarily by user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Restricted Assets

These assets represent cash and investments set aside pursuant to bond covenants, and customer deposits.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. The District considered highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. The District has adopted a policy for its investments specifying that investment alternatives (other than publicly traded securities) must have an established market. Investments shall be subject to the cash flow needs of the District. Such cash flows are subject to revisions as market conditions and the District's needs change. It is the intent of the District to avoid assets that require a significant time to liquidate.

Investment of District funds may include, subject to certain restrictions and requirements, Local Government Surplus Funds Trust Fund or similar common trust fund which is established pursuant to state law as a legal depository of public moneys; negotiable direct obligations of, or obligations of which the principal and interest are unconditionally guaranteed by, the United States Government; bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation; investment agreements with any bank or other financial institution; deposits, federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States; repurchase agreements collateralized by direct obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank; prime commercial paper of a United States corporation, finance company or banking institution if such commercial paper is rated at least "P-1" by Moody's or at least "A-1 +" by S&P and if such commercial paper is stated to mature in not more than 270 days; securities of or other investments in, any open-ended or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; securities permitted by Sections 218.345 and 218.415(15), Florida Statutes, as amended from time to time; and such other securities as approved by resolution of the governing body of the District. In addition, Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, Fair Value Measurement and Application. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Accounts Receivable

Accounts receivable and revenues for the enterprise fund are shown net of an allowance for uncollectible amounts. For water and sewer accounts receivable, the allowance is less than one percent of receivable balances at September 30, 2023. This balance is comprised primarily of accounts with outstanding balances in excess of 120 days.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Intangibles - right to use	50
Improvements other than buildings	10 - 50
Infrastructure	10 - 40
Equipment	10

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Long Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item, a deferred charge on refunding, that qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In fiscal year 2023, the District has not implemented any new accounting standards with a material effect on the District's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District categorizes its fair value measurements 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.

Under GASB 72, assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining 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.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools and non-negotiable, non-transferable certificates of deposit that do not consider market rates are required to be reported at amortized cost should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost.

Instead of establishing a written investment policy, the District elected to limit investments to those approved by Florida Statutes and the District Trust Indenture. Authorized District investments include, but are not limited to:

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

Investments made by the District at September 30, 2023 are summarized below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Certificates of Deposit - Bank United	\$ 5,410,594	N/A	3 - 6 months
US Bank Commercial Paper	9,143,680	S&P A-1+	N/A
	<u>\$ 14,554,274</u>		

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk:

The District's limits credit risk by restricting authorized investments to those described which are either backed by the full faith and credit of the United States Government or maintain the highest credit quality ratings of Moody's or S&P.

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2023, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2023, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

There is no limit on the amount the District may invest in any one issuer.

Interest Rate Risk:

The District does not specifically address interest rate risk; however, their practice is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District invests to provide sufficient liquidity to pay obligations as they come due.

NOTE 4 RESTRICTED ACCOUNTS

At September 30, 2023 the District reported the following restricted asset accounts:

	<u>Enterprise Fund</u>
Cash:	
Customer deposits	\$ 1,132,984
Total Restricted Cash	<u>\$ 1,132,984</u>
Investments:	
Reserve account - bond compliance	\$ 487,283
Sinking Fund - bond compliance	240,000
Revenue account - bond compliance	15,657
Surplus account - bond compliance	19,988
Maintenance reserve - bond compliance	1,861,908
Connection fees - bond compliance	5,500,725
Operating reserve - bond compliance	1,018,119
Total Restricted Investments	<u>\$ 9,143,680</u>

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and land improvements	\$ 4,413,271	\$ -	\$ -	\$ 4,413,271
Total capital assets not being depreciated	4,413,271	-	-	4,413,271
Capital Assets Being Depreciated:				
Intangible asset - right to use	311,759	-	-	311,759
Infrastructure	4,076,642	-	-	4,076,642
Improvements	948,217	-	-	948,217
Equipment	12,474	-	-	12,474
Total capital assets being depreciated	5,349,092	-	-	5,349,092
Less Accumulated Depreciation for:				
Intangible asset - right to use	(37,410)	(6,235)	-	(43,645)
Infrastructure	(3,737,704)	(50,444)	-	(3,788,148)
Activity center	(946,548)	(1,669)	-	(948,217)
Equipment	(5,956)	(856)	-	(6,812)
Total accumulated depreciation	(4,727,618)	(59,204)	-	(4,786,822)
Total capital assets being depreciated, net	621,474	(59,204)	-	562,270
Governmental activities capital assets, net	\$ 5,034,745	\$ (59,204)	\$ -	\$ 4,975,541
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 218,400	\$ -	\$ -	\$ 218,400
Construction in progress	5,774,389	-	-	5,774,389
Total capital assets, not being depreciated	5,992,789	-	-	5,992,789
Capital Assets Being Depreciated:				
Intangible asset - right to use	344,576	-	-	344,576
Improvements other than buildings	29,903,583	-	-	29,903,583
Total capital assets, being depreciated	30,248,159	-	-	30,248,159
Less Accumulated Depreciation for:				
Intangible asset - right to use	(41,352)	(6,892)	-	(48,244)
Improvements other than buildings	(15,849,614)	(828,266)	-	(16,677,880)
Total accumulated depreciation	(15,890,966)	(835,158)	-	(16,726,124)
Total capital assets being depreciated, net	14,357,193	(835,158)	-	13,522,035
Business-type activities capital assets, net	\$ 20,349,982	\$ (835,158)	\$ -	\$ 19,514,824

For governmental activities, depreciation expense was charged to the maintenance and operations function/program.

NOTE 6 LONG-TERM LIABILITIES

Bonds Payable Series 2012 - Public Offering

On May 9, 2012, the District issued \$10,000,000 of Water and Sewer Revenue Refunding Bonds Series 2012 due May 1, 2024, with a fixed interest rate of 2.63%. The Bonds were issued to refund the District's outstanding Water and Sewer Revenue Bonds, Series 1999 and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2013 through May 1, 2024.

The Bonds are payable from pledged revenue which includes, without limitation, net revenue received by the District from the users of the water and sewer services. The Series 2012 Bonds are secured by the pledged revenue as defined in the Master Trust Indenture.

The Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2012 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2012 Revenue Bonds at September 30, 2023 is \$989,132. For the year ended September 30, 2023, principal and interest paid was \$980,683.

Long-term debt activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds Payable:					
Series 2012	\$ 1,895,000	\$ -	\$ (935,000)	\$ 960,000	\$ 960,000
Total	<u>\$ 1,895,000</u>	<u>\$ -</u>	<u>\$ (935,000)</u>	<u>\$ 960,000</u>	<u>\$ 960,000</u>

At September 30, 2023, the scheduled debt service requirements on the bonds payable were as follows:

<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 960,000	\$ 29,132
	<u>\$ 960,000</u>	<u>\$ 29,132</u>

NOTE 7 DISPUTED TOHO WATER AUTHORITY CHARGES

The District receives a monthly invoice from Toho Water Authority (TWA) for purchased potable and reuse water, and wastewater and sewer based on the meter readings at the lift station. Per a Lager User Service Agreement (LUA) with TWA, the District agrees to limit and requires its customers to limit all wastewater introduced into the wastewater services systems to Domestic Wastewater in accordance with provisions of Division 4 of the Code of the City of Kissimmee. The results of tests conducted by TWA show that wastewater from the District exceeded the levels for TKN, oil and grease, and chemical oxygen demand (COD) as established by Division 4 of the code of the City of Kissimmee. Consequently, TWA has charged the District a total of \$286,477 for high strength discharge found in the water from June 2013 to September 2016. These charges have been accrued in the Water and Sewer Fund. The District is disputing these charges and the matter has not been resolved as of the report date.

NOTE 8 INTERLOCAL AGREEMENT

In a prior year, the District signed an Interlocal Agreement with Celebration Community Development District ("Celebration") for the development, operation and maintenance of Celebration's administrative facility. Per the agreement, the District agrees to pay Celebration its prorated share of the budgeted Administrative Facility's cost of development through a Development Contribution. Upon or prior to the execution of this Interlocal Agreement, the District shall pay Celebration a Development Contribution of \$700,555, which represents a prorata share of initial development costs based on the space allocated to the District. In a prior fiscal year, District paid a total of \$786,335 for their portion of the development costs. The District has reported an intangible asset for the right to use the facility.

As part of the interlocal agreement, the Celebration Owner's Association should be paying assessments of approximately \$325,000 to offset the construction costs of the facility. Since the District paid for 40% of the construction costs, it will get that share (\$130,000) of the assessments when collected by Celebration.

In addition, per the agreement, the District agrees to pay Celebration \$14,448, its prorated share of the Administrative Facility's operations and maintenance costs (O&M Costs) on a monthly basis or in a lump sum payment. O&M Costs include utility costs (electric, water, sewer, reuse), janitorial, landscaping, pest control and window cleaning services as well as costs related to the common area (docking bays, parking, fencing, restroom facilities, etc.) and any repairs to the building.

The term of this Interlocal Agreement shall be for fifty (50) years. the District may elect to exercise two (2) additional ten (10) year options by delivering additional development contribution to Celebration no less than 90 days prior to the applicable termination of the Interlocal Agreement. If the District elects to exercise the first ten (10) year option, it shall pay Celebration a Development Contribution of \$350,275 or twenty (20%) of the District's initial Development Contribution plus inflation as calculated based on the Consumer Price Index (CPI-U). If the District elects to exercise the second ten (10) year option, it shall pay Celebration a Development Contribution of \$392,311 or twenty (20%) of the District's initial Development Contribution plus inflation as calculated based on the CPI-U, whichever is greater.

NOTE 9 MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the past three years.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Supervisors
Enterprise Community Development District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the *Enterprise Community Development District* (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the financial statements. 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.

McDermitt Davis

Orlando, Florida
June 21, 2024

MANAGEMENT LETTER

Board of Supervisors
Enterprise Community Development District

Report on the Financial Statements

We have audited the financial statements of the *Enterprise Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 21, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional 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 June 21, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

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 the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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 the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as not applicable.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 11.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$2,245,642.

- e. 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 of the fiscal year being reported, together with the total expenditures for such project \$0.
- f. 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 budget under Section 189.016(6), Florida Statutes, see general fund budget statement.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as \$51.94.
- b. The total amount of special assessments collected by or on behalf of the District as \$350,714.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as disclosed in the notes to financial statements.

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.

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.

McDermitt Davis

Orlando, Florida
June 21, 2024



934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdermittdavis.com

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

Board of Supervisors
Enterprise Community Development District

We have examined Enterprise Community Development District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDermitt Davis

Orlando, Florida
June 21, 2024