

Central Lake Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2019

Central Lake Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2019

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Enterprise Fund	7
Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund	8
Statement of Cash Flows – Enterprise Fund	9
Notes to Financial Statements	10-16
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17-18
MANAGEMENT LETTER	19-20
INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	21



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Lake Community Development District as of and for the year ended September 30, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Pierce / Stuart

To the Board of Supervisors
Central Lake Community Development District

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Central Lake Community Development District as of September 30, 2019, and the respective changes in financial position and, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical 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 principally 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 the 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 June 23, 2020 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 the Central Lake Community Development District's internal control over financial reporting and compliance.



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

June 23, 2020

Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

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, 2019 were \$462,038. Total assets increased by \$57,955 or 15.4% from the prior fiscal year primarily due to an increase in cash. Total non-current assets net of depreciation were \$6,258.

Liabilities

Total liabilities of the District at September 30, 2019 were \$194,674, a \$28,031 or 16.8% increase from the prior year. This increase is primarily attributed to a decrease in accounts payable at fiscal year end.

**Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

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, 2019.

- The District's total assets exceeded total liabilities \$267,364 (net position).
- The Enterprise Fund had \$581,765 in revenues and \$523,810 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	
	2019	2018
Current assets	\$ 455,780	\$ 376,052
Capital assets	6,258	-
Total Assets	462,038	376,052
Current liabilities	194,674	166,643
Net Position		
Net investment in capital assets	6,258	-
Net position - unrestricted	261,106	209,409
Total Net Position	\$ 267,364	\$ 209,409

The increase in current assets is related to the increase in cash in the bank, which is the result of revenues exceeding expenses in the current year.

The increase in capital assets is the result of the purchase of equipment in the current year.

The increase in liabilities is related to the increase in accounts payable in the current year.

**Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

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	
	2019	2018
Program Revenues		
Charges for services	\$ 550,039	\$ 532,339
General Revenues		
Investment earnings	65	48
Miscellaneous	31,661	43,868
Total Revenues	<u>581,765</u>	<u>576,255</u>
Expenses		
General government	62,497	118,876
Water and sewer	461,313	373,100
Total Expenses	<u>523,810</u>	<u>491,976</u>
Change in Net Position	57,955	84,279
Net Position - Beginning of Year	<u>209,409</u>	<u>125,130</u>
Net Position - End of Year	<u>\$ 267,364</u>	<u>\$ 209,409</u>

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

The decrease in miscellaneous revenues is less utility expansion fees were collected in the current year.

The increase in total expenses is related to increased contingency expenses in the current year.

**Central Lake Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets at September 30, 2019 and 2018.

<u>Description</u>	<u>Enterprise Fund</u>	
	<u>2019</u>	<u>2018</u>
Machinery and equipment	\$ 14,323	\$ 6,500
Accumulated depreciation	<u>(8,065)</u>	<u>(6,500)</u>
Total Capital Assets (Net)	<u>\$ 6,258</u>	<u>\$ -</u>

The Enterprise Fund had additions of \$7,823 and depreciation of \$1,565.

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 2020.

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, GMS-CF, LLC, 219 East Livingston Street Orlando, Florida 32801.

Central Lake Community Development District
STATEMENT OF NET POSITION – ENTERPRISE FUND
September 30, 2019

	Water and Sewer Fund
ASSETS	
Current Assets	
Cash	\$ 382,609
Investments	2,606
Accounts receivable	55,155
Prepaid expenses	15,410
Total Current Assets	<u>455,780</u>
Non-current Assets	
Capital assets, being depreciated:	
Equipment	14,323
Accumulated depreciation	<u>(8,065)</u>
Total Non-current Assets	<u>6,258</u>
Total Assets	<u><u>462,038</u></u>
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	33,187
Other current liabilities	<u>161,487</u>
Total Current Liabilities	<u>194,674</u>
 NET POSITION	
Net investment in capital assets	6,258
Unrestricted	<u>261,106</u>
Total Net Position	<u><u>\$ 267,364</u></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, 2019

	Water and Sewer Fund
Operating Revenues	
Water and sewer charges	\$ 433,628
Reservation and maintenance fees	116,411
Miscellaneous revenues	31,661
Total Operating Revenues	<u>581,700</u>
Operating Expenses	
General and administrative	62,497
Cost of sales and services	461,313
Total Operating Expenses	<u>523,810</u>
Operating Income	57,890
Non-operating revenues (expenses)	
Interest income	<u>65</u>
Change In Net Position	57,955
Net Position - October 1, 2018	<u>209,409</u>
Net Position - September 30, 2019	<u><u>\$ 267,364</u></u>

See accompanying notes.

Central Lake Community Development District
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
For the Year Ended September 30, 2019

	Water and Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 554,084
Cash received from other sources	31,661
Cash paid to suppliers	(496,705)
Net Cash Provided By Operating Activities	<u>89,040</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	<u>(7,823)</u>
Cash Flows From Investing Activities:	
Purchases of investments	(65)
Interest income	65
Net Cash Used by Investing Activities	<u>-</u>
Net increase in cash and cash equivalents	81,217
Cash and equivalents - October 1, 2018	<u>301,392</u>
Cash and equivalents - September 30, 2019	<u><u>\$ 382,609</u></u>
Reconciliation of Net Operating income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities	
Operating income	<u>\$ 57,890</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,565
Changes in assets and liabilities	
Decrease in accounts receivable	1,972
Increase in prepaid expenses	(418)
Increase in accounts payable and accrued liabilities	25,958
Increase in other current liabilities	3,073
Decrease in customer deposits	(1,000)
Total Adjustments	<u>31,150</u>
Net Cash Provided By Operating Activities	<u><u>\$ 89,040</u></u>

See accompanying notes.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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 Reserve 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, 2019

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, 2019

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
-----------	---------

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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, 2019, the District's deposits had a bank balance of \$401,444 and a carrying value of \$382,609. 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.

As of September 30, 2019, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA Local Government Florida Prime Fund	37 days*	<u>\$ 2,606</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, 2019

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Investments

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

Cash placed with the Florida Prime Fund is reported at fair value. As a pool participant the District invests in pools of investments in which shares are owned in the pool rather than the underlying investments.

Credit Risk

The District's investments in the local government surplus trust funds 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, 2019, the District's investment in the First American Government Obligation Fund Class Z and Florida Prime was rated AAAM by Standard & Poor's. The District had monies invested in the Florida Prime Fund at September 30, 2019. This fund met the requirements of a "2-7a like pool" as defined in Government Accounting Standards Board, Statement 31.

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 Fund represents 100% of the Districts total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2019 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, 2019

NOTE C – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2019 was as follows:

The following is a summary of changes in the Water and Sewer Fund capital assets for the year ended September 30, 2019.

	Balance 10/1/2018	Additions	Deletions	Balance 9/30/19
<u>Enterprise Fund</u>				
Capital assets, being depreciated:				
Equipment	\$ 6,500	\$ 7,823	\$ -	\$ 14,323
Less accumulated depreciation for:				
Equipment	(6,500)	(1,565)	-	(8,065)
Capital Assets, Net	<u>\$ -</u>	<u>\$ 6,258</u>	<u>\$ -</u>	<u>\$ 6,258</u>

Depreciation charged to the water and sewer function was \$1,565.

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 \$116,132 during the year-end September 30, 2019, which includes a receivable balance of \$10,344.

NOTE E – ECONOMIC DEPENDENCY

The Developers owns a significant portion of land within the District. The District’s activity is dependent upon the continued involvement of the Developers, the loss of which could have a material adverse effect on the District’s operations. At September 30, 2019, the majority of the board members were affiliated with the Developers.

NOTE F – 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.

Central Lake Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE G – RELATED PARTY TRANSACTIONS

Lease Agreement

The District leases a water and wastewater facility under a ten-year term operating lease. During a prior year, the owner of the water and wastewater facility changed from Packing House By-Products, Co. to Sewer and Water Plant Investments, LLC (both entities are affiliated with Developer). The current lease term expires in August 2026 with an additional four, ten-year optional lease renewal clause whereby the lease will be automatically renewed unless six months' notice is given to cancel the lease. Lease payments are calculated each year based on a formula detailed in the lease agreement.

Lease expense for the facility totaled \$322,199 for the year-ended September 30, 2019.

Future minimum lease payments are as follows:

For the Year Ended September 30,	Future Minimum Lease Payments
2020	\$ 150,000
2021	150,000
2022	150,000
2023	150,000
2024	150,000
2025-2026	300,000
Total	<u>\$ 1,050,000</u>



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

**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
Central Lake Community Development District
Lake County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the Central Lake Community Development District (the "District") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Central Lake Community Development District's basic financial statements, and have issued our report thereon dated June 23, 2020.

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 our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Lake Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Supervisors
Central Lake Community Development District

Compliance and Other Matters

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

Purpose of this report

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



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

June 23, 2020



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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, 2019, and have issued our report thereon dated June 23, 2020.

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 June 23, 2020, 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.c. 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, 2019.

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.

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
Certified Public Accountants PL
Fort Pierce, Florida

June 23, 2020



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

**INDEPENDENT ACCOUNTANT'S 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, 2019. 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, 2019.

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

June 23, 2020