

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

September 30, 2024

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT
FINANCIAL STATEMENTS
September 30, 2024

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities of Central Lake Community Development District, Lake County, Florida ("District") as of and for the year ended September 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 judgment, 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 and budgetary comparison information 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 30, 2025, on our consideration of the Central Lake Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, 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 the 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 30, 2025 on our consideration of the District's compliance with requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation Standards established by the American Institute of Certified Public Accountants.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.

Fort Pierce, Florida

June 30, 2025

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

Our discussion and analysis of Central Lake Community Development District, Lake County, Florida ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$207,496.
- The change in the District's total net position in comparison with the prior fiscal year was \$47,526, an increase. The key components of the District's net position and change in net position are reflected in the table in the financial analysis section.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows, and notes to the financial statements.

Basic Financial Statements

The basic 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 basic financial statements report on the function of the District that is principally supported by user fees and charges.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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 revenues, expenses and changes in fund net position presents information on all revenues and expenses of the District and the change in net position.

The statement of cash flows presents information regarding changes in cash due to cash receipts and cash disbursements during the reporting period.

Proprietary Fund

The District maintains one type of proprietary fund, an enterprise fund. The District uses the enterprise fund to account for the operations of the water and sewer utility facilities within the District. As such it employs an economic resources measurement focus, the goal of which is to assess the change in its total economic resources over a period of time. This goal is accomplished through the use of the accrual basis of accounting, under which revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of cash receipts and disbursements.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS

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

Key components of net position were as follows:

	2024	2023
Current assets	\$ 478,167	\$ 486,494
Non-current assets		
Capital assets, net	2,867,148	2,823,193
Total assets	3,345,315	3,309,687
Current liabilities	117,231	100,575
Non-current liabilities	3,020,588	3,049,142
Total liabilities	3,137,819	3,149,717
Net position		
Net investment in capital assets	(181,994)	(253,385)
Unrestricted	389,490	413,355
Total net position	\$ 207,496	\$ 159,970

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing operating revenues exceeded the cost of operations and depreciation expense.

Key elements of the District's change in net position are reflected in the following table:

	2024	2023
Operating revenues	\$ 845,777	\$ 922,676
Operating expenses		
General and administrative	187,947	161,774
Cost of sales and services	488,475	453,201
Total operating expenses	676,422	614,975
Operating income	169,355	307,701
Non-operating		
Interest and other charges	(122,564)	(123,638)
Interest income	735	691
Total non-operating	(121,829)	(122,947)
Change in net position	47,526	184,754
Net position - beginning of year (As restated - Note D)	159,970	(24,784)
Net position - end of year	\$ 207,496	\$ 159,970

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

The District's activities reflect the operations of the water and sewer facilities within the District. The cost of operations is covered primarily by charges to customers. The increase in operating revenues is primarily the result of an increase in the contribution in aid of construction (CIAC) fees and reserve and maintenance charges. The increase in in operating expenses is primarily the result of an increase in rent, plant repair and maintenance.

CAPITAL ASSETS

At September 30, 2024, the District had \$2,867,149 invested in capital assets. More detailed information about the District's capital assets is presented in the notes of the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION

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 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Central Lake Community Development District's Finance Department at 219 East Livingston Street Orlando, Florida 32801.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT**STATEMENT OF NET POSITION**

September 30, 2024

	ENTERPRISE FUND
	WATER AND SEWER
ASSETS	
Current Assets:	
Cash	\$ 336,246
Investments	13,667
Accounts receivable	71,036
Prepaid expenses	57,218
TOTAL CURRENT ASSETS	478,167
Noncurrent Assets:	
Capital Assets:	
Right to use asset	2,843,578
Equipment	421,243
Less accumulated depreciation and amortization	(397,673)
TOTAL NONCURRENT ASSETS	2,867,148
TOTAL ASSETS	\$ 3,345,315
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 57,888
Other current liabilities	25,000
Unearned revenue	5,789
Lease payable	28,554
TOTAL CURRENT LIABILITIES	117,231
Non-current Liabilities:	
Lease payable	3,020,588
TOTAL LIABILITIES	3,137,819
NET POSITION	
Investment in capital assets	(181,994)
Unrestricted	389,490
TOTAL NET POSITION	\$ 207,496

The accompanying notes are an integral part of this financial statement

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2024

	ENTERPRISE FUND
	WATER AND SEWER
REVENUES	
Water and sewer charges	\$ 620,069
Reservation and maintenance fees	102,944
Miscellaneous revenue	122,764
TOTAL OPERATING REVENUES	845,777
OPERATING EXPENSES	
General and administrative	187,947
Cost of sales and services	488,475
TOTAL OPERATING EXPENSES	676,422
OPERATING INCOME	169,355
NONOPERATING REVENUES (EXPENSES)	
Interest and other charges	(122,564)
Interest income	735
TOTAL NONOPERATING REVENUES (EXPENSES)	(121,829)
CHANGE IN NET POSITION	47,526
NET POSITION	
Beginning of year (As restated - Note D)	159,970
End of year	\$ 207,496

The accompanying notes are an integral part of this financial statement

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT**STATEMENT OF CASH FLOWS**

Year Ended September 30, 2024

	ENTERPRISE FUND
	WATER AND SEWER
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 838,204
Payments to suppliers of goods and services	(592,282)
NET CASH PROVIDED BY OPERATING ACTIVITIES	245,922
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments	(27,436)
Interest payments	(122,564)
NET CASH USED IN INVESTING ACTIVITIES	(150,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(143,719)
Interest income	735
Sale of investments	(735)
NET CASH USED IN INVESTING ACTIVITIES	(143,719)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,797)
CASH	
Beginning of year	384,043
End of year	\$ 336,246
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 169,355
Add (Deduct) Items not Affecting Cash:	
Depreciation and Amortization	99,765
(Increase) Decrease in accounts receivable	(7,573)
(Increase) Decrease in prepaids	(31,163)
Increase (Decrease) in accounts payable	9,749
Increase (Decrease) in unearned revenue	5,789
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 245,922

The accompanying notes are an integral part of this financial statement

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A- NATURE OF ORGANIZATION AND REPORTING ENTITY

Central Lake Community Development District ("District") was created on May 11, 2001 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Lake County Ordinance 2001-75. 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 planning, maintenance and operation of a water and wastewater system within the District in accordance with powers established by Florida Statute Chapter 190.

The District is governed by the Board of Supervisors ("the District") which is composed of five members. The Supervisors are elected on an at large basis 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. Certain District members are affiliated with Mission Inn Golf & Tennis Resort, Inc. ("Developer") at September 30, 2024.

The District has the final responsibility for:

1. Assessing and levying maintenance taxes and special 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 District ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Board 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The District reports its activities and functions in an enterprise fund. The enterprise fund is used to account for the operation of a leased water and sewer utility system. The costs of providing services are recovered primarily through user charges.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation (continued)

Enterprise funds are proprietary funds. The measurement focus is based upon determination of net position, financial position and changes in cash flow. The generally accepted accounting principles used are those applicable to similar businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) when the governing body has decided that periodic determination of net income is appropriate for capital maintenance, public management control, accountability, or other purposes. Revenues are recognized when earned and expenses are recognized when incurred. All assets and liabilities (whether current or noncurrent) associated with an activity are included in the statement of net position. The reported net position is segregated into net investment in capital assets, restricted and unrestricted assets.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position of Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position of Equity (continued)

Deposits and Investments (continued)

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

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.

Inventories and Prepaid Items

Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Property and equipment are stated at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position of Equity (continued)

Capital Assets (continued)

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.

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>
Equipment	5

Long-Term Obligations

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 ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s).

Net Position

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position of Equity (continued)

Leases

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

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

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.

NOTE C – 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.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The District's investments were held as follows at September 30, 2024:

Investment	Fair Value	Credit Risk	Maturities
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ 13,667	S&P AAAM	Weighted average maturity: 39 days
Total Investments	<u>\$ 13,667</u>		

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The investments listed in the schedule above are not evidenced by securities that exist in physical or book entry form.

Credit risk - For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk - The District places no limit on the amount the District may invest in any one issuer.

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

Fair Value Measurement - When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- Level 2: Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

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 should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

The District participated in the following external investment pools:

The State Board of Administration for participation in the Local Government Investment Pool (Florida Prime™) created by Section 218.415, Florida Statutes is an investment pool that operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida Prime™, a qualified external investment pool, meet the requirements of GASB Statement No. 79 and are reported at amortized cost.

NOTE D - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024 was as follows:

	* Balance 10/01/2023	Increases	Decreases	Balance 09/30/2024
Business-type activities:				
Capital assets, being depreciated				
Right to use asset	\$ 2,843,578	\$ -	\$ -	\$ 2,843,578
Equipment	277,525	143,719	7,823	413,421
Total capital assets, being depreciated	3,121,103	143,719	7,823	3,256,999
Less accumulated depreciation for:				
Right to use asset	185,451	61,817	-	247,268
Equipment	112,457	37,948	7,823	142,582
Total accumulated depreciation	297,908	99,765	7,823	389,850
Total capital assets, being depreciated - net	2,823,195	43,954	-	2,867,149
Governmental activities capital assets - net	\$ 2,823,195	\$ 43,954	\$ -	\$ 2,867,149

* Beginning fund balance was restated. This resulted in a change in beginning capital assets of \$73,460.

Depreciation is charged to the water and sewer function.

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE E – 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 \$102,708 during the year-end September 30, 2024, which includes a receivable balance of \$2,639.

NOTE F – LEASES

Business-type Activities

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

In July 2002, the initial agreement was executed to lease a water and wastewater facility and requires 60 monthly base payments of \$15,000. In August 2006, the original lease was amended to provide the District with six optional 10-year renewals. In January 2013, the lease was amended to decrease the monthly base amount to \$12,500. The District has exercised two of the six optional renewals, and it is reasonably likely that the remaining renewal options will be exercised. The lease liability was measured at a discount rate of 4%, which is the District’s incremental borrowing rate. In addition to monthly base payments, the District recognized variable lease payments for facility maintenance costs totaling \$38,909 for the year-end September 30, 2024. As a result of the lease, the District reported a right-to-use asset with a net book value of \$2,596,310 at September 30, 2024.

The following is a summary of activity in the lease payable of the District for the year ended September 30, 2024:

	Balance 10/01/2023	Additions	Deletions	Balance 09/30/2024	Due Within One Year
Lease liability	\$ 3,076,578	\$ -	\$ 27,436	\$ 3,049,142	\$ 28,554
	<u>\$ 3,076,578</u>	<u>\$ -</u>	<u>\$ 27,436</u>	<u>\$ 3,049,142</u>	<u>\$ 28,554</u>

CENTRAL LAKE COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE F – LEASES (CONTINUED)

Business-type Activities (continued)

The annual requirements to amortize the principal and interest of the lease liability as of September 30, 2024 are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 28,554	\$ 121,446	\$ 150,000
2026	29,717	120,283	150,000
2027	30,928	119,072	150,000
2028	32,188	117,812	150,000
2029	33,476	116,524	150,000
2030-2034	197,781	552,219	750,000
2035-2039	238,582	511,418	750,000
2040-2044	288,283	461,717	750,000
2045-2049	348,848	401,152	750,000
2050-2054	422,671	327,329	750,000
2055-2059	512,677	237,323	750,000
2060-2064	622,438	127,562	750,000
2065-2066	262,999	37,001	300,000
	<u>\$ 3,049,142</u>	<u>\$ 3,250,858</u>	<u>\$ 6,300,000</u>

NOTE G – CONCENTRATION

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

NOTE H - MANAGEMENT COMPANY

The District has contracted with a management company to perform services which include financial and accounting advisory 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 I - 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; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

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 the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Lake Community Development District, as of September 30, 2024 and for the year ended, which collectively comprise the Central Lake Community Development District's basic financial statements and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

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

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 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 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

This report is intended 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.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
June 30, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA

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

We have examined Central Lake Community Development District, Lake County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2024. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2024.

This report 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, management, and the Board of Supervisors of Central Lake Community Development District, Lake County, Florida and is not intended to be and should not be used by anyone other than these specified parties.



DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
June 30, 2025

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 Central Lake Community Development District as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 30, 2025

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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountants' 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 30, 2025, 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 annual financial audit report. There were no findings or recommendations made in the preceding annual financial 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. Refer to Note A 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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the District did not authorize a PACE program pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the District's geographical boundaries during the fiscal year under audit.

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 Central Lake Community Development District reported:

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as N/A.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 6.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as N/A.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$660,221.
- e. The District does not have any construction projects with a total cost of at least \$65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. The District did not amend its final adopted budget under Section 189.016(6), Florida Statutes.

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

- a. The rate or rates of non-ad valorem special assessments imposed by the District is N/A.
- b. The total amount of special assessments collected by or on behalf of the District as N/A.
- c. The total amount of outstanding bonds issued by the District as N/A.

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 have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of 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.



DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
June 30, 2025