

**CELEBRATION
COMMUNITY DEVELOPMENT DISTRICT**

**AUDIT COMMITTEE
AGENDA PACKAGE**

Friday, March 29, 2024

Remote Participation:

Zoom: <https://us02web.zoom.us/j/3797970647>, Meeting ID: 3797970647

--Or--

Call in (audio only) (415) 762-9988 or (646) 568-7788, 3797970647#



313 Campus Street
Celebration, Florida 34747
(407) 566-1935

Celebration Community Development District

Audit Committee Members

Jack McLaughlin, Chairman
Tina Dorn, Committee Member
Gary Hudspeth, Committee Member
Mike Jackson, Committee Member
Emily Smallwood, Committee Member
Matthew Woodall, Committee Member



Staff Members

Angel Montagna, District Manager
Jan Carpenter, Legal Counsel
Jay Lazarovich, Legal Counsel
Stephen Bloom, Finance Director

Committee Meeting Agenda

Friday, March 29, 2024 – 1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Review of Audited Financial Statements for Fiscal Year 2023**
4. **Recommendation to the Board of Supervisors**
5. **Other Business and Committee Member Comments**
6. **Adjournment**

District Office:

313 Campus Street
Celebration, FL 34747
407-566-1935

www.CelebrationCDD.org

Meeting Location:

In person: 313 Campus Street, Celebration, FL
Participate remotely: Zoom <https://zoom.us/j/3797970647>
OR dial 415-762-9988 or 646-568-7788, ID 3797970647



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

To the Board of Supervisors
 Celebration Community Development District

We have audited the financial statements of Celebration Community Development District (the "District") as of and for the year ended September 30, 2023, and have issued our report thereon dated [REDACTED], 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 24, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks

We have identified the following significant risks:

- Management override of internal controls
- Improper revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of depreciation is based on the estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to fair value estimates and contingencies.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated , 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Board of Supervisors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

McDiernit Davis

Orlando, Florida
_____, 2024

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Financial Statements

September 30, 2023

**Celebration Community
Development District**

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Celebration Community Development District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund, and the aggregate remaining fund information of the *Celebration 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, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2023, and the respective changes in financial position 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 a report dated [REDACTED], 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

McDermitt Davis

Orlando, Florida
[REDACTED], 2024

Celebration Community Development District
Management's Discussion and Analysis

Our discussion and analysis of *Celebration 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

- At September 30, 2023 the District reported net position of \$46,819,487, an decrease in net position of \$2,518,399 in comparison with the prior year.
- At September 30, 2023, the District's governmental funds reported a fund balance of \$6,943,782 a decrease of \$448,791 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *Celebration 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.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government and maintenance and operations related functions.

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 one fund category: Governmental 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.

Celebration Community Development District
Management’s Discussion and Analysis

The District maintains seven individual governmental funds. 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.

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 \$46,819,487 at September 30, 2023. The following analysis focuses on the net position of the District’s governmental activities.

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Current and other assets	\$ 8,140,808	\$ 8,611,590
Capital assets, net	50,701,376	53,165,235
Total assets	<u>58,842,184</u>	<u>61,776,825</u>
Deferred charge on refunding	25,870	28,458
Total assets and deferred charge on refunding	<u>\$ 58,868,054</u>	<u>\$ 61,805,283</u>
Current liabilities	\$ 1,367,230	\$ 1,394,842
Long-term liabilities	10,681,337	11,072,555
Total liabilities	<u>12,048,567</u>	<u>12,467,397</u>
Net Position:		
Net investment in capital assets	40,045,909	42,161,342
Restricted for:		
Debt service	775,849	741,407
Capital projects	158,899	115,585
Unrestricted	<u>5,838,830</u>	<u>6,319,552</u>
Total net position	<u>\$ 46,819,487</u>	<u>\$ 49,337,886</u>

Celebration Community Development District
Management’s Discussion and Analysis

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

	<u>2023</u>	<u>2022</u>
Program Revenues:		
Charges for services	\$ 4,030,903	3,786,008
Grants and contributions	29,837	1,969
General Revenues:		
Right-of-way fees, investment, and other revenues	1,515,658	928,976
Total revenues	<u>5,576,398</u>	<u>4,716,953</u>
Expenses:		
General government	439,811	409,219
Maintenance and operations	4,642,554	3,458,500
Depreciation	2,584,827	2,593,569
Interest	427,605	451,914
Total expenses	<u>8,094,797</u>	<u>6,913,202</u>
Change in net position	(2,518,399)	(2,196,249)
Net position, beginning	49,337,886	51,534,135
Net position, ending	<u>\$ 46,819,487</u>	<u>\$ 49,337,886</u>

As noted above and in the Statement of Net Position, the cost of all governmental activities during the year ended September 30, 2023 was \$8,094,797. The majority of these costs are comprised of maintenance and operations expenditures.

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 \$6,943,782. Of this total, \$8,679 is nonspendable, \$1,104,952 is restricted, \$3,996,279 is assigned and the remainder of \$1,833,872 is unassigned.

The general fund balance decreased \$480,722 in the current year due to increased 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 has been one amendment to the September 30, 2023 general fund budget. The legal level of budgetary control is at the fund level.

Celebration Community Development District
Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets - At September 30, 2023, the District had \$50,701,376 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 \$10,535,000 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 *Celebration Community Development District's* Finance Department at 313 Campus Street, Celebration Florida, 34747.

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FINANCIAL STATEMENTS

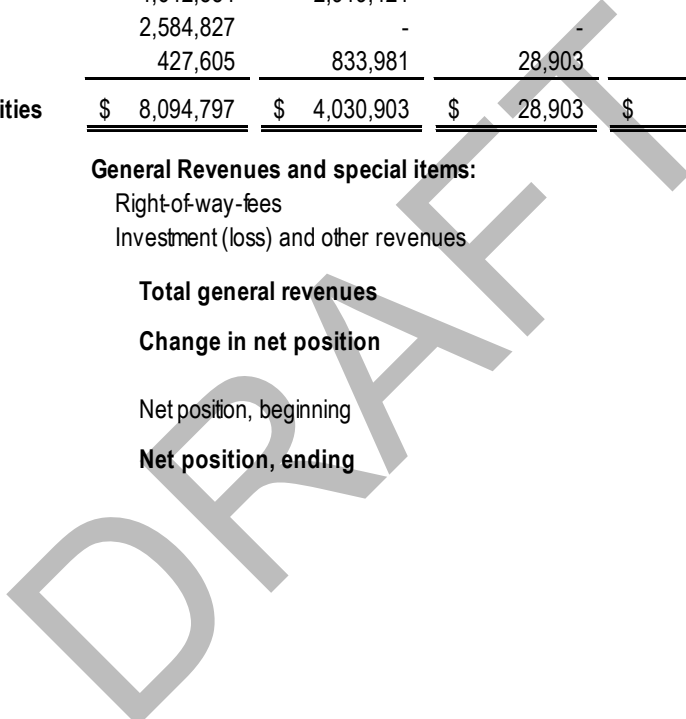
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Celebration Community Development District
Statement of Net Position
September 30, 2023

	Governmental Activities
Assets:	
Current and Other Assets:	
Cash and cash equivalents	\$ 2,276,801
Investments	5,675,659
Accounts receivable	147,583
Other receivables	32,086
Prepaid expenses	4,875
Deposits	3,804
Capital Assets:	
Capital assets not being depreciated: Land and construction in progress	37,850,318
Capital assets, net of depreciation	12,851,058
Total assets	58,842,184
Deferred outflows of resources	
Deferred charge on refunding	25,870
Liabilities:	
Accounts payable	393,100
Accrued interest payable	170,204
Due to Other District	40,460
Easement deposit	206,677
Unearned revenue - Enterprise CDD	556,789
Noncurrent Liabilities:	
Due within one year	400,000
Due in more than one year	10,281,337
Total liabilities	12,048,567
Net Position:	
Net investment in capital assets	40,045,909
Restricted for:	
Debt service	775,849
Capital projects	158,899
Unrestricted	5,838,830
Total net position	\$ 46,819,487

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

Functions/Programs	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
					Governmental Activities
Governmental Activities:					
General government	\$ 439,811	\$ 277,501	\$ -	\$ -	\$ (162,310)
Maintenance and operations	4,642,554	2,919,421	-	-	(1,723,133)
Depreciation	2,584,827	-	-	-	(2,584,827)
Interest	427,605	833,981	28,903	934	436,213
Total governmental activities	\$ 8,094,797	\$ 4,030,903	\$ 28,903	\$ 934	(4,034,057)
General Revenues and special items:					
					1,041,618
Right-of-way-fees					474,040
Investment (loss) and other revenues					
Total general revenues					1,515,658
Change in net position					(2,518,399)
Net position, beginning					49,337,886
Net position, ending					\$ 46,819,487



Celebration Community Development District
Balance Sheet - Governmental Funds
 September 30, 2023

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 2,160,726	\$ 116,075	\$ 2,276,801
Investments	4,693,442	982,217	5,675,659
Accounts receivable	147,583	-	147,583
Other receivables	25,438	6,648	32,086
Due from general fund	-	12	12
Prepaid expenditures	4,875	-	4,875
Deposits	3,804	-	3,804
Total assets	<u>\$ 7,035,868</u>	<u>\$ 1,104,952</u>	<u>\$ 8,140,820</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 393,100	\$ -	\$ 393,100
Easement deposit	206,677	-	206,677
Unearned revenue - Enterprise CDD	556,789	-	556,789
Due to other districts	40,460	-	40,460
Due to capital projects fund	12	-	12
Total liabilities	<u>1,197,038</u>	<u>-</u>	<u>1,197,038</u>
Fund Balances:			
Nonspendable	8,679	-	8,679
Restricted for debt service	-	946,053	946,053
Restricted for capital projects	-	158,899	158,899
Assigned for:			
Operating reserves	1,157,075	-	1,157,075
Capital projects	1,016,278	-	1,016,278
Assessment stabilization	400,000	-	400,000
Annual Contribution	100,000	-	100,000
Boardwalk and trails	375,000	-	375,000
Roads and alleyways	112,452	-	112,452
Disaster relief	755,974	-	755,974
Self insurance	79,500	-	79,500
Unassigned	1,833,872	-	1,833,872
Total fund balances	<u>5,838,830</u>	<u>1,104,952</u>	<u>6,943,782</u>
Total Liabilities and Fund Balances	<u>\$ 7,035,868</u>	<u>\$ 1,104,952</u>	<u>\$ 8,140,820</u>

Celebration Community Development District
Reconciliation of the Balance Sheet - Governmental Funds
To the Statement of Net Position
 September 30, 2023

Total fund balance, governmental funds	\$	6,943,782
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		50,701,376
Deferred charges on refunding are not financial resources and, therefore, are not reported as assets in governmental funds. The Statement of Net Position includes these charges, net of amortization.		25,870
Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.		
Accrued interest payable		(170,204)
Bonds payable		(10,681,337)
		(10,851,541)
Net Assets of Governmental Activities	\$	46,819,487

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

	General	Nonmajor Funds	Total Governmental Funds
Revenues:			
Special assessments	\$ 3,196,922	\$ 833,981	\$ 4,030,903
Right-of-way fees	1,041,618	-	1,041,618
Investment and other revenues	474,040	29,837	503,877
Total revenues	4,712,580	863,818	5,576,398
Expenditures:			
Current			
General government	429,780	10,031	439,811
Maintenance and operations	4,763,522	-	4,763,522
Debt Service:			
Principal	-	400,000	400,000
Interest	-	421,856	421,856
Total expenditures	5,193,302	831,887	6,025,189
Excess (Deficit) of Revenues Over Expenditures	(480,722)	31,931	(448,791)
Other Financing Sources (Uses)			
Interfund transfer in	-	2,176	2,176
Interfund transfer out	-	(2,176)	(2,176)
Total other financing sources (uses)	-	-	-
Net change in fund balances	(480,722)	31,931	(448,791)
Fund balances, beginning of year	6,319,552	1,073,021	7,392,573
Fund balances, end of year	\$ 5,838,830	\$ 1,104,952	\$ 6,943,782

Celebration 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 \$ (448,791)

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. Capital outlay is included in maintenance and operations expenditures and capital outlay expenditures in the fund statements.

Capital outlay	120,968	
Depreciation expense	<u>(2,584,827)</u>	(2,463,859)

Repayments of bond principal are expenditures in governmental funds while repayments reduce liabilities in the statement of net position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayment of bonds payable	400,000	
Amortization of bond premium	5,722	
Amortization of bond discount	(14,504)	
Amortization of deferred charge on refunding	<u>(2,588)</u>	388,630

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest		<u>5,621</u>
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Change in Net Position of Governmental Activities \$ (2,518,399)

Celebration 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 Budget	Final Budget		
Revenues:				
Special assessments	\$ 3,184,183	\$ 3,184,183	\$ 3,196,922	\$ 12,739
Right-of-way fees	983,041	983,041	1,041,618	58,577
Investment (loss) and other revenues	586,077	586,077	474,040	(112,037)
Total revenues	4,753,301	4,753,301	4,712,580	(40,721)
Expenditures:				
Current				
General government	393,730	393,730	429,780	(36,050)
Maintenance and operations	4,234,571	4,731,571	4,763,522	(31,951)
Capital outlay	125,000	125,000	-	125,000
Total expenditures	4,753,301	5,250,301	5,193,302	56,999
Excess (Deficit) of Revenues Over Expenditures	-	(497,000)	(480,722)	16,278
Net Change in fund balance	\$ -	\$ (497,000)	(480,722)	\$ 16,278
Fund balance, beginning			6,319,552	
Fund balance, ending			\$ 5,838,830	

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Celebration Community Development District, (the "District") was established on March 8, 1994 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. Chapter 190 provides that a Community Development District with a size of 1,000 acres or more may be established by rule adopted under Chapter 120 by the Florida Land and Water Adjudicatory Commission ("FLWAC"). The District was established by Chapter 42Q, Florida Administrative Code as amended, adopted by FLWAC. The District currently comprises approximately 6,548 acres of an anticipated 9,500 acre planned community.

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, as well as, outside the District pursuant to the interlocal agreements. The District has the authority to borrow money and issue bonds, and to assess and levy non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District is governed by a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected by qualified electors of Osceola County whose primary residence is within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Allocating and levying 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.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) in statements No. 14 and No. 61. Based on the foregoing criteria, no potential component units were found.

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.

The District reports the following governmental funds, which are considered to be 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.

Additionally, the District reports the following nonmajor governmental funds:

Debt Service Funds - Series 2013A and Series 2021 - accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Funds - Series 2002 and Series 2021 - accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

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.

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.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$1,000 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.

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	3 - 10
Improvements	15 - 30
Infrastructure	20 - 30

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. The amount due within one year is due within one year of the Statement of Net Position date. 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 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 will sometimes report 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 doesn't have any items that qualify for reporting in this category.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 a 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 may designate an individual 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.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. Such reclassifications had no effect on the increase/decrease in net position or fund balance or total net position or fund balance as previously reported.

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. The District's investments in money market funds consist of shares owned in the fund rather than the underlying investments. In accordance with GASB 72, these amounts are reported at amortized cost.

The commercial paper is reported in the financial statements at fair value. Under GASB 72, assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price 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.

The District has the following recurring fair value measurements as of September 30, 2023:

- Money market mutual funds of \$598,794 is valued using Level 2 inputs.
- Treasury Bills of \$2,683,515 is valued using Level 1 inputs.
- Commercial paper of \$383,423 is valued using Level 1 inputs.
- Certificates of deposit of \$2,009,927 is valued using Level 1 inputs.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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>
Short-term Money Market Funds	\$ 598,794	AAAm	24 days
Treasury Bills	2,683,515	N/A	6 months
Commercial Paper	383,423	A-1+	NA
Certificate of Deposit	2,009,927	NA	3-12 months
	<u>\$ 5,675,659</u>		

Credit Risk:

The District 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.

Celebration Community Development District
Notes to Financial Statements
September 30, 2023

NOTE 4 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 30,737,269	\$ -	\$ -	\$ 30,737,269
Construction in progress	7,113,049	-	-	7,113,049
Total capital assets not being depreciated	37,850,318	-	-	37,850,318
Capital Assets Being Depreciated:				
Equipment	325,183	-	-	325,183
Infrastructure	72,403,283	99,720	-	72,503,003
Improvements	3,789,727	21,248	-	3,810,975
Total capital assets being depreciated	76,518,193	120,968	-	76,639,161
Less Accumulated Depreciation for:				
Equipment	(144,275)	(32,000)	-	(176,275)
Infrastructure	(57,637,533)	(2,484,008)	-	(60,121,541)
Improvements	(3,421,468)	(68,819)	-	(3,490,287)
Total accumulated depreciation	(61,203,276)	(2,584,827)	-	(63,788,103)
Total capital assets being depreciated, net	15,314,917	(2,463,859)	-	12,851,058
Governmental activities capital assets, net	<u>\$ 53,165,235</u>	<u>\$ (2,463,859)</u>	<u>\$ -</u>	<u>\$ 50,701,376</u>

Depreciation expense was \$2,584,827.

Construction in progress is related to infrastructure construction for Island Village paid from the Series 2021 special assessment bonds.

NOTE 5 LONG-TERM LIABILITIES

Special Assessment and Refunding Bonds - Public Offering

\$5,175,000 of Special Assessment Revenue Refunding Bonds, Series 2013 A with interest rates from 2.250% to 4.000%. These bonds were issued to repay in full the Series 2003 A bonds. Interest is paid semiannually on each May 1 and November 1. Principal payments on the Series 2013A bonds are made serially commencing on May 1, 2015 through May 1, 2034.

In August of 2021, the District issued \$7,545,000 of Special Assessment Revenue Bonds, Series 2021 with interest rates from 2.25% to 4.00%. These bonds were issued to finance the acquisition and construction of certain improvements for Island Village. Interest is paid semiannually on each May 1 and November 1. Principal payments on the Series 2021 bonds are made serially commencing on May 1, 2022 through May 1, 2051.

The Bond Indentures for all series have certain restrictions and requirements relating principally to the use of proceeds to pay for public infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District has levied special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indentures for all series.

The Bond Indentures also require that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Bond Indentures. The debt service reserve requirements have been met for the fiscal year ended September 30, 2023.

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>
Governmental Activities:					
Bonds Payable:					
Series 2013 A	\$ 3,550,000	\$ -	\$ (235,000)	\$ 3,315,000	\$ 235,000
Series 2021	7,385,000	-	(165,000)	7,220,000	165,000
Unamortized premium	165,931	-	(5,722)	160,209	-
Unamortized discount	(28,376)	-	14,504	(13,872)	-
Governmental activity long-term liabilities	<u>\$ 11,072,555</u>	<u>\$ -</u>	<u>\$ (391,218)</u>	<u>\$10,681,337</u>	<u>\$ 400,000</u>

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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

Governmental Activities

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 400,000	\$ 408,490	\$ 808,490
2025	415,000	394,788	809,788
2026	430,000	380,246	810,246
2027	450,000	364,832	814,832
2028	470,000	346,382	816,382
2029 - 2033	2,645,000	1,424,824	4,069,824
2034 - 2038	1,540,000	932,220	2,472,220
2039 - 2043	1,365,000	717,644	2,082,644
2044 - 2048	1,655,000	437,200	2,092,200
2049 - 2051	1,165,000	94,600	1,259,600
	<u>\$ 10,535,000</u>	<u>\$ 5,501,226</u>	<u>\$ 16,036,226</u>

NOTE 6 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 previous three years.

NOTE 7 SIGNIFICANT LANDOWNER TRANSACTIONS

During the year ended September 30, 2023, the District assessed a significant landowner \$624,269 for operations and maintenance and debt service costs, respectively, which represents 15% of assessment revenue.

NOTE 8 INTERLOCAL AGREEMENT

During the year ended September 30, 2016, the District and Enterprise Community Development District ("Enterprise") entered into an interlocal agreement for the development and operations and maintenance of the Celebration Maintenance Facility ("Facility"). In connection with this agreement, Enterprise paid the District \$656,335.

The payment of \$656,335 represents a base rent contribution related to a 50-year lease of a portion of the Facility. The lease commenced March 1, 2016 and can be renewed for two successive 10-year periods for additional consideration after the initial 50-year period ends. No additional base rent amounts are due during the initial 50-year period, however Enterprise has agreed to pay 40% of the total ongoing operations and maintenance costs. In accordance with generally accepted accounting principles, the base rent contribution is being recognized as revenue on a straight-line basis over the term of the lease. Accordingly, revenue totaling \$13,127, included in the Statement of Revenues, Expenditures and Changes in Fund Balances on page 11 as investment and other revenues of the General Fund, has been recognized during the year ended September 30, 2023, and the remaining balance of \$556,789 is recorded as unearned revenue in the Statement of Net Position on page 7 and Balance Sheet - Governmental Funds on page 9. If the lease was terminated prior to the end of the first 50-year period, the District would be required to repay a portion of Enterprise's development contribution based on the length of the remaining term of the lease.

NOTE 9 MANAGEMENT COMPANY

The District has contracted with a management company, Inframark, to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

The District has contracts with the same company to serve as the “Field Manager” for the common area maintenance of the District. The Field Manager oversees certain services including: landscape, irrigation and general grounds maintenance operations.

The District entered into an agreement whereby it leased a portion of the Celebration Maintenance Facility to its management company. The agreement calls for base annual rent of \$4,680, payable in equal monthly installments, which is included in the Statement of Revenues, Expenditures and Changes in Fund Balances as investment and other revenues of the General Fund. The agreement renews automatically from month to month unless either party delivers written notice of its intention to terminate the agreement.

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COMPLIANCE SECTION

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

**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
 Celebration 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, each major fund, and the aggregate remaining fund information of Celebration 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 financial statements and have issued our report thereon dated , 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 the audit 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, 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDermitt Davis

Orlando, Florida
 , 2024



MANAGEMENT LETTER

Board of Supervisors
Celebration Community Development District

Report on the Financial Statements

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

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- None.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 21.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency - None.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$3,144,192.

- 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 as: N/A
- 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, as included in 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 \$.37 to \$2,661.15 per unit/square foot.
- b. The total amount of special assessments collected by or on behalf of the district as \$4,025,323.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds is disclosed in Note 5 of the 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 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.

McDiarmid Davis

Orlando, Florida
 , 2024

DRAFT



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
Celebration Community Development District

We have examined Celebration 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
 , 2024

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