

**Celebration Pointe No.1
Community Development District**

FINANCIAL STATEMENTS

September 30, 2019



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INGRAM

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Celebration Pointe No.1 Community Development District
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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Celebration Pointe No. 1 Community Development District
Alachua County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Celebration Pointe No.1 Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2019, 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.

Other Matters

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 26, 2020, 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 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 District's 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 26, 2020



Management's Discussion And Analysis

Celebration Pointe No.1 Community Development District Management's Discussion and Analysis

Our discussion and analysis of Celebration Pointe No.1 Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2019, the liabilities and deferred inflows of resources of the District exceed its assets by approximately \$5.9 million (deficit).
- During the fiscal year ended September 30, 2019, the District paid principal and interest expenditures of approximately \$1.1 million and \$3.1 million, respectively.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

Celebration Pointe No.1 Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 5. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2019	2018	Change
Assets			
Current and other assets	\$ 4,388,647	\$ 5,103,128	\$ (714,481)
Capital assets, net	53,857,225	53,857,225	-
Total assets	\$ 58,245,872	\$ 58,960,353	\$ (714,481)
Liabilities			
Current liabilities	\$ 4,479,585	\$ 4,561,721	\$ (82,136)
Other liabilities	59,677,995	60,751,808	(1,073,813)
Total liabilities	64,157,580	65,313,529	(1,155,949)
Deferred inflows of resources			
Deferred revenue	11,372	1,622	9,750
Net position			
Net investment in capital assets	(5,037,587)	(5,193,579)	155,992
Restricted for:			
Capital projects	244,340	101,483	142,857
Unrestricted	(1,129,833)	(1,262,702)	132,869
Total net position (deficit)	(5,923,080)	(6,354,798)	431,718
Total liabilities, deferred inflows of resources, and net position	\$ 58,245,872	\$ 58,960,353	\$ (714,481)

For more detailed information, see the accompanying Statement of Net Position.

Celebration Pointe No.1 Community Development District Management's Discussion and Analysis

During the fiscal year ended September 30, 2019, total assets and liabilities decreased by approximately \$714,000 and \$1.2 million, respectively. The decrease in assets is primarily a result of the use of bond proceeds to make initial interest payments on the Series 2017 bonds. The decrease in liabilities is primarily due to the repayment of outstanding long-term bond principal.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>For the year ended September 30,</i>	2019	2018	Change
Revenues:			
Program revenues:			
Charges for services	\$ 3,554,611	\$ 2,332,440	\$ 1,222,171
Grants and contributions	28,561	22,451	6,110
General revenues:			
Rental revenues	4,662	52,113	(47,451)
Total revenues	3,587,834	2,407,004	1,180,830
Expenses:			
General government	80,104	84,413	(4,309)
Maintenance and operations	6,157	9,245	(3,088)
Interest	3,069,855	3,137,300	(67,445)
Total expenses	3,156,116	3,230,958	(74,842)
Change in net position	431,718	(823,954)	1,255,672
Net position (deficit), beginning	(6,354,798)	(5,530,844)	(823,954)
Net position (deficit), ending	\$ (5,923,080)	\$ (6,354,798)	\$ 431,718

For more detailed information, see the accompanying Statement of Activities.

Revenues increased over the prior year by approximately \$1.2 million, while expenses decreased approximately \$75,000. The increase in revenues was primarily due to the increase developer debt service contributions while the decrease in expenses primarily resulted from a decrease in interest payments on outstanding debt. The overall result was a \$431,718 increase in net position for the fiscal year 2019.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$2,203,188, which is a decrease from last year's balance that totaled \$2,911,397. Significant transactions are discussed below.

Celebration Pointe No.1 Community Development District Management's Discussion and Analysis

- The District paid principal and interest expenditures of approximately \$1.1 million and \$3.1 million, respectively.

The overall decrease in fund balance for the year ended September 30, 2019 totaled approximately \$700,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2019, the District had approximately \$53.9 million invested in capital assets. This amount remained unchanged from the fiscal year 2018 total.

A listing of capital assets by major category for the current and prior year follows:

<u>September 30,</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Capital assets not being depreciated	\$ 53,857,225	\$ 53,857,225	\$ -

More information about the District's capital assets is presented in Note 3 to the financial statements.

Debt

At September 30, 2019, the District had approximately \$62 million of bonds outstanding. This amount represents a decrease of approximately \$1.1 million from the fiscal year 2018 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<u>September 30,</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Capital Improvement Revenue Bonds:			
Series 2014	\$ 32,000,000	\$ 32,605,000	\$ (605,000)
Series 2017	29,785,000	30,245,000	(460,000)
	<u>\$ 61,785,000</u>	<u>\$ 62,850,000</u>	<u>\$ (1,065,000)</u>

More information about the District's long-term debt is presented in Note 4 to the financial statements.

Celebration Pointe No.1 Community Development District Management's Discussion and Analysis

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 25.

The District experienced an unfavorable variance in revenues and a favorable variance in expenditures as compared to the budget in the amounts of \$14,014 and \$34,239, respectively. The variance in revenues is primarily due to the District receiving less rental revenue during the fiscal year. The variance in expenditures is primarily due to fewer maintenance and operations expenditures incurred than anticipated.

FUTURE FINANCIAL FACTORS

Celebration Pointe No.1 Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates and developer contribution amounts for fiscal year 2020 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact Celebration Pointe No.1 Community Development District's management company at 12051 Corporate Blvd, Orlando, Florida 32817.



Basic Financial Statements

**Celebration Pointe No.1 Community Development District
Statement of Net Position**

<i>September 30,</i>	2019
Assets	
Cash and cash equivalents	\$ 4,366,671
Due from developer	8,913
Prepaid expenses	11,372
Other receivables	1,691
Capital assets:	
Not being depreciated	53,857,225
<hr/>	
Total assets	58,245,872
<hr/>	
Liabilities	
Accounts payable	8,591
Accrued interest payable	1,204,411
Retainage payable	2,156,583
Non-current liabilities:	
Due within one year	1,110,000
Due in more than one year	59,677,995
<hr/>	
Total liabilities	64,157,580
<hr/>	
Deferred inflows of resources	
Deferred revenue	11,372
<hr/>	
Total deferred inflows of resources	11,372
<hr/>	
Net position	
Net investment in capital assets	(5,037,587)
Restricted for:	
Capital projects	244,340
Unrestricted	(1,129,833)
<hr/>	
Total net position (deficit)	\$ (5,923,080)
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The accompanying notes are an integral part of these financial statements.

**Celebration Pointe No.1 Community Development District
Statement of Activities**

For the year ended September 30,

2019

Functions/Programs	Expenses	Charges for Services	Program Revenues	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government:					
Governmental activities:					
General government	\$ (80,104)	\$ 110,737	\$ -	\$ -	\$ 30,633
Maintenance and operations	(6,157)	-	-	-	(6,157)
Interest	(3,069,855)	3,443,874	28,561	-	402,580
Total governmental activities	\$ (3,156,116)	\$ 3,554,611	\$ 28,561	-	427,056

General revenues

Rental revenue	4,662
Change in net position	431,718
Net position (deficit) - beginning of year	(6,354,798)
Net position (deficit) - end of year	\$ (5,923,080)

The accompanying notes are an integral part of these financial statements.

**Celebration Pointe No.1 Community Development District
Balance Sheet – Governmental Funds**

September 30,

2019

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 72,649	\$ 4,049,769	\$ 244,253	\$ 4,366,671
Due from developer	8,913	-	-	8,913
Prepaid expenditures	11,372	-	-	11,372
Other receivables	-	1,604	87	1,691
Total assets	\$ 92,934	\$ 4,051,373	\$ 244,340	\$ 4,388,647
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 8,591	\$ -	\$ -	\$ 8,591
Retainage payable	-	-	2,156,583	2,156,583
Total liabilities	8,591	-	2,156,583	2,165,174
Deferred inflows of resources				
Deferred revenue	20,285	-	-	20,285
Total deferred inflows of resources	20,285	-	-	20,285
Fund balances				
Nonspendable	11,372	-	-	11,372
Restricted for debt service	-	4,051,373	-	4,051,373
Unassigned	52,686	-	(1,912,243)	(1,859,557)
Total fund balances (deficit)	64,058	4,051,373	(1,912,243)	2,203,188
Total liabilities, deferred inflows of resources and fund balances	\$ 92,934	\$ 4,051,373	\$ 244,340	\$ 4,388,647

The accompanying notes are an integral part of these financial statements.

**Celebration Pointe No.1 Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

<i>September 30,</i>	2019
Total fund balances, governmental funds	\$ 2,203,188
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	53,857,225
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund financial statements.	(61,992,406)
Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred inflows in the fund level financial statements.	8,913
Total net position (deficit) - governmental activities	\$ (5,923,080)

The accompanying notes are an integral part of these financial statements.

**Celebration Pointe No.1 Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

For the year ended September 30,

2019

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Developer contributions	\$ 101,824	\$ 3,443,874	\$ -	\$ 3,545,698
Rental revenues	4,662	-	-	4,662
Interest and other revenues	-	27,458	1,103	28,561
Total revenues	106,486	3,471,332	1,103	3,578,921
Expenditures				
Current:				
General government	80,104	-	-	80,104
Maintenance	6,157	-	-	6,157
Debt service:				
Principal	-	1,065,000	-	1,065,000
Interest	-	3,135,869	-	3,135,869
Total expenditures	86,261	4,200,869	-	4,287,130
Excess (deficit) of revenues over expenditures	20,225	(729,537)	1,103	(708,209)
Other Financing Sources (Uses)				
Operating transfer in	-	-	141,754	141,754
Operating transfer out	-	(141,754)	-	(141,754)
Total other financing sources (uses)	-	(141,754)	141,754	-
Net Change in fund balances	20,225	(871,291)	142,857	(708,209)
Fund balances (deficit), beginning of year	43,833	4,922,664	(2,055,100)	2,911,397
Fund balances (deficit), end of year	\$ 64,058	\$ 4,051,373	\$ (1,912,243)	\$ 2,203,188

The accompanying notes are an integral part of these financial statements.

**Celebration Pointe No.1 Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

<i>For the year ended September 30,</i>	2019
Net change in fund balances - governmental funds	\$ (708,209)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,065,000
Amortization of original issue discount is not recognized in the governmental fund statement but is reported as an expense in the Statement of Activities.	(36,187)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	102,201
Certain revenues that do not represent current financial resources are deferred on the fund level financial statements but are recognized as revenue in the government-wide Statement of Activities	8,913
Change in net position of governmental activities	\$ 431,718

The accompanying notes are an integral part of these financial statements.

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

Celebration Pointe No.1 Community Development District (the "District") was created on December 11, 2012 to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Alachua County Ordinance #2012-17. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. A majority of the supervisors are affiliated with Celebration Pointe Partners, LLC, the Developer. 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. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

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). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

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

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2019, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 generally 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 along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities, operation and maintenance. Assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special 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.

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Developer contributions, 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt for the Series 2014 and 2017 Bonds.

Capital Projects Fund – This Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

For the year ended September 30, 2019, the District does not report any proprietary funds. 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 District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others, direct obligations of the United States Treasury; the Local Government Surplus Funds Trust as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures on the Statement of Net Position and Balance Sheet – Governmental Funds. These items will be expensed over the applicable usage period.

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: infrastructure- parking garage: 50 years.

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while 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 debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet – governmental funds will sometimes include 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 does not have any of this type of item at September 30, 2019.

In addition to liabilities, the statement of net position and/or balance sheet – governmental funds 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 only has one item, deferred revenues, which qualify for reporting in this category. Deferred revenues represent contributions received from the developer relating to items considered expenditures of the next fiscal period or receivable amounts not collected timely enough to be considered currently available.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2019:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 8,779,798	\$ -	\$ -	\$ 8,779,798
Infrastructure under construction	45,077,427	-	-	45,077,427
Governmental activities capital assets, net	\$ 53,857,225	\$ -	\$ -	\$ 53,857,225

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 3: CAPITAL ASSETS (Continued)

The infrastructure intended to serve the District has been estimated at a total cost of \$125,651,114. The infrastructure will include rights of way acquisitions, roadways, master stormwater facilities including wetland mitigation, trail improvements, and water and wastewater systems that will be constructed by the District or constructed by the Developer and its affiliates and then purchased by the District. In addition, upon completion, certain improvements are to be conveyed to other governments. Also, the project will include a bridge, parking facilities, other roadways, other water and wastewater systems, and other improvements that will be funded by the Developer and its lenders, constructed by the Developer and owned and operated by others.

The public portions of the total project described above to be implemented as part of Phase I of the Development and financed by the District through proceeds of the 2014 Bonds are referred to collectively as the "2014 Project." As part of the improvement plan, certain right-of-way acquisitions are required. These right-of-ways are needed for the transportation-related components of the improvement plan. Certain right-of-way acquisitions have been completed by the District using the proceeds of the 2014 Bonds.

The public portions of the total project described above to be implemented as part of Phase II of the Development and financed by the District through the proceeds of the 2017 Bonds are referred to collectively as the "2017 Project." The total cost of the 2017 Project is estimated at \$25,155,275.

In connection with the 2014 and 2017 projects, if the amount by which the cost of the 2014 or 2017 projects or portion thereof to be conveyed by the Developer to the District pursuant to the Acquisition Agreement exceeds the amount actually paid by the District for the 2014 or the 2017 project or portion thereof from proceeds of the Series 2014 or 2017 Bonds, it may be determined that deferred obligations/costs exist. Upon completion of the project, certain funds available from the Bonds may be used to pay deferred obligations/costs, as outlined in the Bond Indenture. At September 30, 2019, the District has not yet determined if a liability exists for deferred obligations/costs.

NOTE 4: BONDS PAYABLE

In December 2014, the District issued \$33,730,000 of Special Assessment Revenue Bonds, Series 2014, with interest rates that range from 4.75% to 5.125%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is due semiannually on each May 1 and November 1. Principal on the Series 2014 Bonds is due serially commencing on May 1, 2017 through May 1, 2045.

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 4: BONDS PAYABLE (CONTINUED)

The 2014 Bonds are payable from and secured by the 2014 Pledged Revenues and the 2014 Pledged Funds. The 2014 Pledged Revenues consist of the revenues derived by the District from the 2014 Assessments and the Transportation Revenues. The Transportation Revenues are revenues pursuant to the Transportation Assignment Agreement. The Transportation Assignment Agreement is that certain Assignment of Contract Rights and Acknowledgement of Merger – Southwest District Transportation Agreement dated August 27, 2014 from the Developer to the District and consented to by Alachua County, Florida. The Series 2014 indenture provides for the Transportation Revenues to be deposited in the Transportation Improvement Fund and semi-annually applied, to the extent available, to pay debt service on the Series 2014 Bonds prior to the application of Series 2014 Bonds assessments for that purpose. See Note 7 for more information.

The Series 2014 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

In May 2017, the District issued \$30,245,000 of Special Assessment Revenue Bonds, Series 2017, with interest rates that range from 4.00% to 5.00%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is due semiannually on each May 1 and November 1. Principal on the Series 2017 Bonds is due serially commencing on May 1, 2019 through May 1, 2048.

The Series 2017 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

A portion of the Transportation Revenues pledged to the payment of the 2014 Bonds pursuant to the First Supplemental Indenture is expected to be available to pay the 2017 Bonds. The Transportation Revenues are payable to the District pursuant to the Transportation Assignment Agreement. The Transportation Revenues and the Transportation Improvement Fund established under the First Supplemental Indenture into which Transportation Revenues are deposited are not a part of the 2017 Trust Estate and the 2017 Bonds are not secured by a lien on or pledge of the Transportation Revenues and the Transportation Improvement Fund. Transportation Revenues may not be available to pay the 2017 Bonds under certain circumstances and are not expected to be available after September 30, 2035 under the terms of the Transportation Agreement.

The Bond Indentures have certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the bond indentures.

**Celebration Pointe No.1 Community Development District
Notes to Financial Statements**

NOTE 4: BONDS PAYABLE (CONTINUED)

The balance of the long-term bonds at September 30, 2019 is summarized as follows:

<i>September 30,</i>	2019
Bond principal balance	\$ 61,785,000
Less unamortized bond discount	(997,005)
	<u>\$ 60,787,995</u>

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2014	\$ 32,605,000	\$ -	\$ (605,000)	\$32,000,000	\$ 630,000
Series 2017	30,245,000	-	(460,000)	29,785,000	480,000
	<u>\$ 62,850,000</u>	<u>\$ -</u>	<u>\$ (1,065,000)</u>	<u>\$61,785,000</u>	<u>\$ 1,110,000</u>

At September 30, 2019, the scheduled debt service requirements on long-term debt were as follows:

<i>For the year Ending September 30,</i>	Principal	Interest	Total Debt Service
2020	\$ 1,110,000	\$ 2,262,291	\$ 3,372,291
2021	1,160,000	2,227,328	3,387,328
2022	1,215,000	2,190,853	3,405,853
2023	1,270,000	2,147,097	3,417,097
2024	1,330,000	7,201,328	8,531,328
2025-2029	7,725,000	12,384,781	20,109,781
2030-2034	9,875,000	9,988,781	19,863,781
2035-2039	12,655,000	6,902,750	19,557,750
2040-2044	16,260,000	2,914,563	19,174,563
2045-2048	9,185,000	1,012,419	10,197,419
	<u>\$ 61,785,000</u>	<u>\$ 49,232,191</u>	<u>\$ 111,017,191</u>

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 5: 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. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in the previous three years.

NOTE 6: MANAGEMENT COMPANY

The District has contracted with a management company 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.

NOTE 7: TRANSPORTATION ASSIGNMENT AGREEMENT

The County and the Developer entered into an agreement effective October 24, 2011 entitled the Southwest Transportation Improvement Agreement. Under the terms of the agreement, the Developer is entitled to certain reimbursements for transportation mitigation credits. The Developer has assigned to the District its right to receive the first \$8 million of funds generated by the agreement ("Transportation Revenues"). The Series 2014 Bond Indenture provides for the Transportation Revenues to be deposited into the Transportation Improvement Fund and semi-annually applied, to the extent available, to pay debt service on the Series 2014 Bonds prior to the application of Series 2014 Bond assessments for that purpose.

NOTE 8: CONCENTRATION

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, Celebration Pointe Partners, LLC, the loss of which could have a material adverse effect on the District's operations.

The Developer has agreed to fund the general fund operations of the District. In connection with that agreement, Developer contribution revenue for the year ended September 30, 2019 totaled \$101,824. The Developer also contributed approximately \$3.4 million to the debt service fund to cover the debt service costs of the District.

Celebration Pointe No.1 Community Development District Notes to Financial Statements

NOTE 9: SUBSEQUENT EVENT

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



**Required Supplemental Information
(Other Than MD&A)**

**Celebration Pointe No.1 Community Development District
Budget to Actual Comparison Schedule – General Fund**

<i>For the year ended September 30,</i>	2019		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Developer contributions	\$ 120,500	\$ 101,824	\$ (18,676)
Rental revenues	-	4,662	4,662
Total revenues	120,500	106,486	(14,014)
Expenditures			
General government	102,150	80,104	22,046
Maintenance	18,350	6,157	12,193
Total expenditures	120,500	86,261	34,239
Excess of revenues over expenditures	\$ -	\$ 20,225	\$ 20,225

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

To the Board of Supervisors
Celebration Pointe No.1 Community Development District
Alachua County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Celebration Pointe No.1 Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 26, 2020 .

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) 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 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.

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, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 26, 2020

MANAGEMENT LETTER

To the Board of Supervisors
Celebration Pointe No.1 Community Development District
Alachua County, Florida

Report on the Financial Statements

We have audited the financial statements of Celebration Pointe No.1 Community Development District ("District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 26, 2020.

Auditors' 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 Florida Auditor General.

Other Reports and Schedule

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 report, which are dated June 26, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 26, 2020



Carr, Riggs & Ingram, LLC
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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
Celebration Pointe No.1 Community Development District
Alachua County, Florida

We have examined Celebration Pointe No.1 Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. 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. Those standards require that we plan and performed the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. 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.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 26, 2020