

**Clearwater Cay  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2020**

**Clearwater Cay Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2020**

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# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

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

## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Clearwater Cay Community Development District  
Clearwater, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Clearwater Cay Community Development District as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in our Basis for Disclaimer of Opinion, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Fort Pierce / Stuart

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To the Board of Supervisors  
Clearwater Cay Community Development District

### **Basis for Disclaimer of Opinion on Governmental Activities and Debt Service Fund**

The District exchanged unimproved land for the cancellation of debt in fiscal year 2015. The land value was reduced by \$2,115,000 as a result of this exchange; however, the District is not able to support how that value was determined. In addition the District is not able to support the value for land, \$27,014,798, as well as the overall values recorded for capital assets.

The District did not provide adequate support documentation for the expenditures recorded in the Debt Service Fund. Also, due to litigation related to debt assessment methodology and disagreements between the Bondholders, the Trustee and the District we are unable to verify how the assessments collected will be applied to principal and interest and the accrued interest on the bonds outstanding as of September 30, 2020.

### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph above, we are unable to express an opinion on the financial statements of the Governmental Activities and Debt Service Fund as of and for the year ended September 30, 2020.

### **Unmodified Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the General and Capital Projects Fund of Clearwater Cay Community Development District as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in the notes to financial statements, the District is in default on the Capital Improvement Revenue Bonds, Series 2006A. Additionally, as discussed in the notes to financial statements, the District is involved in litigation related to debt service assessments and other matters. On February 21, 2020, the District received a letter from the Trustee claiming extraordinary legal fees and expenses of \$184,532. The District is disputing the expenses and has not recorded the amount in the accompany financial statements.

To the Board of Supervisors  
Clearwater Cay Community Development District

### **Other Matters**

#### *Required Supplementary Information*

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 inquires of management regarding 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 August 16, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clearwater Cay Community Development District's internal control over financial reporting and compliance.



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

August 16, 2021

**Clearwater Cay Community Development District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2020**

Management's discussion and analysis of Clearwater Cay Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and interest in long-term debt.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Clearwater Cay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2020.

- ◆ The District's total assets exceeded total liabilities by \$17,168,338 (net position). Net investment in capital assets was \$15,136,877 and restricted net position was \$1,974,301. Unrestricted net position was \$57,160.
- ◆ Governmental activities revenues totaled \$834,660 while governmental activities expenses and conveyance of assets \$1,114,420.

**Clearwater Cay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

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

**Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 264,177	\$ 139,718
Restricted assets	2,345,446	2,418,948
Capital assets	<u>28,487,686</u>	<u>28,825,333</u>
Total Assets	<u>31,097,309</u>	<u>31,383,999</u>
Current liabilities	119,681	132,251
Non-current liabilities	<u>13,809,290</u>	<u>13,803,650</u>
Total Liabilities	<u>13,928,971</u>	<u>13,935,901</u>
Net Position		
Net investment in capital assets	15,136,877	15,094,143
Restricted	1,974,301	2,324,393
Unrestricted	<u>57,160</u>	<u>29,562</u>
Total Net Position	<u>\$ 17,168,338</u>	<u>\$ 17,448,098</u>

The increase in current assets and the decrease in restricted assets was related to revenues exceeding expenditures and the due to/due from balances at the fund level in the current year.

The decrease in capital assets is related to current year depreciation.



**Clearwater Cay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

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

**Change In Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Program Revenues		
Charges for services	\$ 804,847	\$ 1,084,908
General Revenues		
Miscellaneous revenues	7,815	870
Investment earnings	21,998	41,129
Total Revenues	<u>834,660</u>	<u>1,126,907</u>
Expenses		
General government	531,362	419,985
Physical environment	577,418	451,941
Interest and other charges	5,640	-
Total Expenses	<u>1,114,420</u>	<u>871,926</u>
Change in Net Position	(279,760)	254,981
Net Position - Beginning of Year	<u>17,448,098</u>	<u>17,193,117</u>
Net Position - End of Year	<u>\$ 17,168,338</u>	<u>\$ 17,448,098</u>

The increase in general government is related to increased legal fees in the debt service fund in the current year.

The increase in physical environment expenses is related to increased repair and maintenance expenses in the current year.

**Clearwater Cay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2020 and 2019.

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 27,014,798	\$ 27,014,798
Infrastructure	6,199,946	6,199,946
Accumulated depreciation	(4,727,058)	(4,389,411)
Total Capital Assets, net	\$ 28,487,686	\$ 28,825,333

In the current year, depreciation was \$337,647.

**General Fund Budgetary Highlights**

The actual expenditures were more than budgeted amounts primarily because legal fee and repair and maintenance expenditures were greater than anticipated.

The September 30, 2020 budget was not amended.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In November 2006, the District issued \$33,840,000 Series 2006A Capital Improvement Revenue Bonds. These Bonds were issued to refund the Bond Anticipation Notes, Series 2005 and pay certain costs associated with issuance of the Bonds. The balance outstanding at September 30, 2020 was \$13,900,000.

**Clearwater Cay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Economic Factors and Next Year's Budget**

Clearwater Cay Community Development District is involved in several lawsuits, the outcomes of which, could have significant effect on the financial position or results of operations of the District in fiscal year 2021.

**Request for Information**

The financial report is designed to provide a general overview of Clearwater Cay Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clearwater Cay Community Development District, Premier District Management 3820 Colonial Blvd., Suite 101, Fort Myers, Florida 33966.

**Clearwater Cay Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 255,859
Accrued interest receivable	2,432
Prepaid expenses	5,886
Total Current Assets	264,177
Non-current Assets	
Restricted assets	
Investments, at fair value	2,345,446
Capital assets, not being depreciated	
Land	27,014,798
Capital assets, being depreciated	
Infrastructure	6,199,946
Less: accumulated depreciation	(4,727,058)
Total Non-current Assets	30,833,132
Total Assets	31,097,309
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	119,681
Non-current liabilities	
Bonds payable, net	13,809,290
Total Liabilities	13,928,971
 <b>NET POSITION</b>	
Net investment in capital assets	15,136,877
Restricted for debt service	1,974,301
Unrestricted	57,160
Total Net Position	\$ 17,168,338

*See accompanying notes to financial statements.*

**Clearwater Cay Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net (Expense) Revenues and Changes in Net Position Governmental Activities</b>
Governmental Activities			
General government	\$ (531,362)	\$ 261,744	\$ (269,618)
Physical environment	(577,418)	248,909	(328,509)
Interest on long-term debt	(5,640)	294,194	288,554
Total Governmental Activities	\$ (1,114,420)	\$ 804,847	(309,573)
<b>General Revenues</b>			
			7,815
			21,998
			29,813
			(279,760)
			17,448,098
			\$ 17,168,338

*See accompanying notes to financial statements.*

**Clearwater Cay Community Development District**  
**BALANCE SHEET –**  
**GOVERNMENTAL FUNDS**  
**September 30, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 255,764	\$ -	\$ 95	\$ 255,859
Accrued interest receivable	-	2,432	-	2,432
Due from other funds	-	84,809	-	84,809
Prepaid expenses	5,886	-	-	5,886
Restricted assets				
Investments, at fair value	-	2,272,420	73,026	2,345,446
<b>Total Assets</b>	<b>\$ 261,650</b>	<b>\$2,359,661</b>	<b>\$ 73,121</b>	<b>\$ 2,694,432</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 119,681	\$ -	\$ -	\$ 119,681
Due to other funds	84,809	-	-	84,809
<b>Total Liabilities</b>	<b>204,490</b>	<b>-</b>	<b>-</b>	<b>204,490</b>
<b>Fund Balances</b>				
Nonspendable - prepaids	5,886	-	-	5,886
Restricted for debt service	-	2,359,661	-	2,359,661
Restricted for capital projects	-	-	73,121	73,121
Unassigned	51,274	-	-	51,274
<b>Total Fund Balances</b>	<b>57,160</b>	<b>2,359,661</b>	<b>73,121</b>	<b>2,489,942</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 261,650</b>	<b>\$2,359,661</b>	<b>\$ 73,121</b>	<b>\$ 2,694,432</b>

See accompanying notes to financial statements.

**Clearwater Cay Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2020**

Total Governmental Fund Balances	\$ 2,489,942
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets land, \$27,014,798, infrastructure, \$6,199,946, net of accumulated depreciation, \$(4,727,058), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	28,487,686
Long-term liabilities, including bonds payable, \$(13,900,000), net of bond discount, net, \$90,710, are not due and payable in the current period and, therefore, are not reported at the fund level.	<u>(13,809,290)</u>
Net Position of Governmental Activities	<u><u>\$ 17,168,338</u></u>

*See accompanying notes to financial statements.*

**Clearwater Cay Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Special assessments	\$ 510,653	\$ 294,194	\$ -	\$ 804,847
Miscellaneous revenues	7,815	-	-	7,815
Interest income	1,036	20,301	661	21,998
Total Revenues	<u>519,504</u>	<u>314,495</u>	<u>661</u>	<u>834,660</u>
<b>EXPENDITURES</b>				
Current				
General government	252,135	279,227	-	531,362
Physical environment	239,771	-	-	239,771
Total Expenditures	<u>491,906</u>	<u>279,227</u>	<u>-</u>	<u>771,133</u>
 Net Change in Fund Balances	 27,598	 35,268	 661	 63,527
 Fund Balances - October 1, 2019	 <u>29,562</u>	 <u>2,324,393</u>	 <u>72,460</u>	 <u>2,426,415</u>
 Fund Balances - September 30, 2020	 <u>\$ 57,160</u>	 <u>\$ 2,359,661</u>	 <u>\$ 73,121</u>	 <u>\$ 2,489,942</u>

*See accompanying notes to financial statements.*



**Clearwater Cay Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$	63,527
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period.</p>		(337,647)
<p>Bond discount is amortized as interest expense at the government-wide level over the life of the bonds.</p>		<u>(5,640)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(279,760)</u></u>

*See accompanying notes to financial statements.*

**Clearwater Cay Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For the Year Ended September 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Special assessments	\$ 498,175	\$ 498,175	\$ 510,653	\$ 12,478
Miscellaneous revenues	-	-	7,815	7,815
Interest income	500	500	1,036	536
Total Revenues	<u>498,675</u>	<u>498,675</u>	<u>519,504</u>	<u>20,829</u>
<b>Expenditures</b>				
Current				
General government	247,701	247,701	252,135	(4,434)
Physical environment	121,400	121,400	239,771	(118,371)
Total Expenditures	<u>369,101</u>	<u>369,101</u>	<u>491,906</u>	<u>(122,805)</u>
Net Change in Fund Balances	129,574	129,574	27,598	(101,976)
Fund Balances - October 1, 2019	<u>-</u>	<u>-</u>	<u>29,562</u>	<u>29,562</u>
Fund Balances - September 30, 2020	<u>\$ 129,574</u>	<u>\$ 129,574</u>	<u>\$ 57,160</u>	<u>\$ (72,414)</u>

*See accompanying notes to financial statements.*

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on September 15, 2005, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, and was adopted as City of Clearwater Ordinance 7515-05, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Clearwater Cay Community Development District. The District is governed by a five-member Board of Supervisors who are elected by the owners of property within the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Clearwater Cay Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**a. Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon 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. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund – The 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.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

Debt Service Funds – Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements.

Capital Projects Funds – Accounts for financial resources to be used in the acquisition and construction of infrastructure improvements within the boundaries of the District.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**b. Restricted Net Position**

Certain net position of the District is classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**c. Capital Assets**

Capital assets, which include land and infrastructure, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of infrastructure range from 15 to 25 years.

**d. Unamortized Bond Discounts**

Bond discounts associated with the issuance of revenue bonds are amortized according to the straight-line method of accounting. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.



**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

“Total fund balances” of the District’s governmental funds, \$2,489,942, differs from “Net Position” of governmental activities, \$17,168,338, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**Capital related items**

When capital assets (land, buildings and improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land	\$ 27,014,798
Infrastructure	6,199,946
Accumulated depreciation	<u>(4,727,058)</u>
Total	<u>\$ 28,487,686</u>

**Long-term debt transactions**

Governmental Activities long-term liabilities are not due and payable in the current period and are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2020 were:

Bonds payable	\$ (13,900,000)
Bond discount	<u>90,710</u>
Total	<u>\$ (13,809,290)</u>

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds, \$63,527, differs from the “change in net position” for governmental activities, \$(279,760), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated as follows.

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are capitalized and the cost is allocated over their estimated useful lives as depreciation. This is the current year capital outlay.

Accumulated depreciation	\$ <u>(337,647)</u>
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**Long-term debt transactions**

Bond discount and deferred amount on refunding are amortized at the government-wide level as interest over the life of the bonds.

Bond discount	\$ <u>(5,640)</u>
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**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE C – CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2020, the District's bank balance was \$262,494 and the carrying value was \$255,859. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2020, the District had the following investments and maturities:

<b>Investment</b>	<b>Maturities</b>	<b>Fair Value</b>
U S Bank Money Market	N/A	\$ 2,345,446

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most 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.

Based on the criteria in the preceding paragraph, the investment listed above is a Level 1 asset.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

Interest Rate Risk

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

Credit Risk

The District's investments in U S Bank Money Market Accounts are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. The District's investment in U S Bank Money Market Account was not rated by any nationally recognized rating agency.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in U S Bank Money Market Accounts are 100% of the Districts total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2020 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**NOTE D – INTERFUND BALNCES**

Interfund balances at September 30, 2020, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>
Debt Service Fund	General Fund
	\$ 84,809

Interfund balances are due to receipts collected by one fund on behalf of another fund and were not repaid as of year-end.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<b><u>Governmental activities:</u></b>				
Capital assets				
Land	\$ 27,014,798	\$ -	\$ -	\$ 27,014,798
Infrastructure	6,199,946	-	-	6,199,946
Accumulated depreciation	(4,389,411)	(337,647)	-	(4,727,058)
Total Capital Assets, Net	<u>\$ 28,825,333</u>	<u>\$ (337,647)</u>	<u>\$ -</u>	<u>\$ 28,487,686</u>

Depreciation of \$337,647 was charged to physical environment.

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$57,950,000 and was to be funded by Developer contributions and bond issues. The infrastructure was partially completed as of March 20, 2008 and it was determined that the remaining portion could not be completed in an economical manner within a reasonable time period. In fiscal year 2015, the District exchanged unimproved land for the cancellation of debt. The land value was reduced \$2,115,000 in relation to the exchange.

**NOTE F – LONG-TERM DEBT**

Long-term debt is comprised of the following:

\$33,840,000 Series 2006A Capital Improvement Revenue Bonds, interest at 5.50%, maturing May 1, 2008 thru May 1, 2037, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners.	\$ 13,900,000
Bond discount, net	<u>(90,710)</u>
Bonds payable, net	<u>\$ 13,809,290</u>

**Summary of Significant Bonds Resolution Terms and Covenants**

The Series 2006A Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, on any Interest Payment Date on or after May 1, 2016 at the redemption price of the principal amount being redeemed, together with accrued interest to the date of redemption. The Series 2006A Bonds are subject to extraordinary mandatory redemption prior to the maturity in the manner determined by the Bond Registrar if certain occurred as outlined in the Trust Indenture.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

Summary of Significant Bonds Resolution Terms and Covenants (Continued)

As a result of continued lack of funding, the District initiated foreclosure proceedings which were settled in a prior year. In June 2012, a Special Purpose Entity (SPE) was formed for the purpose of taking ownership of all foreclosed property for the benefit of the bondholders. On December 8, 2016, the SPE sold foreclosed property for \$6,450,000 and was voluntarily dissolved on February 1, 2017. On February 24, 2017, the District made a partial payment of delinquent interest of \$7,020,750. During fiscal year 2017, \$11,630,000 of Series 2006A Bonds were cancelled.

The Bond Indenture established a debt service reserve requirement as well as other 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 agrees to levy special assessments in annual amounts adequate to provide payment to debt service and to meet the reserve requirements. The District was not in compliance with the requirements at September 30, 2020. In addition, no interest or principal has been paid by the Trustee from assessments collected since 2009 as the Bonds are in default. Because the District, the Bondholders and the Trustee have been unable to agree on the proper amount due on the Bonds, the application of amounts collected from assessments cannot be determined and accrued interest on the Bonds cannot be determined.

The schedule of principal and interest payments for the Series 2006A Bonds has not been included in the notes to financial statements as the yearly amounts due on the bonds has not been agreed upon by all parties.

**NOTE G – CONTINGENT LIABILITIES, LITIGATION AND CLAIMS**

**Grand Venezia COA. Inc. vs Clearwater Cay Community Development District et. al.**

The District and other parties are involved in a legal dispute with a condominium association located within the District regarding the amount of debt assessments levied by the District. While the District must defend this action, the debt assessments are obligations that pass through to the property owners. The status of the case is post-judgment, with jurisdiction retained, and pending motions for validation of the 2019 assessments.

**Vue at Bellaire Apartments**

Vue at Bellaire Apartments, a District landowner, filed a lawsuit against the District regarding the amount of their operation and maintenance assessments and a request to withdraw from the District. The claim relates to future and past assessments and could evolve into a refund request which might involve an amount over \$500,000. This matter is currently subject to a settlement agreement pending final dismissal, without expenditure by the District.

**Clearwater Cay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE G – CONTINGENT LIABILITIES, LITIGATION AND CLAIMS (CONTINUED)**

**Trustee Contingent Liability**

On February 21, 2020, the District received a letter from the Trustee claiming extraordinary legal fees and expenses in excess of \$184,532 with respect to the Bankruptcy filing by the District. As the Trustee has not provided invoices that relate to the \$184,532 and in addition, during the period October 1, 2019 to September 30, 2020 approximately \$273,336 of expenditures were paid from the Debt Service Fund by the Trustee and the Trustee did not provide documentation to support these expenditures either, the District cannot determine if the expenditures paid in the current fiscal year include the \$184,532 claim.

**Unpaid Legal Fees**

A law firm that represented the District filed a claim on September 23, 2019 for approximately \$110,000. The total amount was accrued by the District as of September 30, 2019. The District has not yet paid or settled the \$110,000 claim.

**Revised Debt Assessment Validation**

In September 2019, the District approved a revised debt assessment methodology that would lower the annual debt service assessments from approximately \$589,800 to approximately \$297,300. In November 2019, the District filed a motion with the county to validate and approve this debt assessment levy. The owner of the District's Bonds seeks to invalidate these debt assessments and also threatens to seek contractual damages from the District, and the potential damages are speculative. In March 2020, the Judge sent the debt assessment validation to non-binding arbitration. The non-binding arbitration order results were favorable for the District and were presented to the court. The Bondholders did not accept the arbitration recommendation and it is to go back to the Judge. It is not clear how the District will fund debt service payments with lower assessments if the Bondholders position is upheld. Potential damages are speculative, and the District intends to continue to defend these actions.

**NOTE H – 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. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims from these risks have not exceeded commercial coverage over the past three years.



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

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

## **INDEPENDENT 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  
Clearwater Cay Community Development District  
Clearwater, 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 Clearwater Cay Community Development District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2021.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control 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.



To the Board of Supervisors  
Clearwater Cay Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Clearwater Cay Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. Certain findings are addressed in the accompanying management letter.

### **Purpose of this Report**

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



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

August 16, 2021



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

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

## MANAGEMENT LETTER

To the Board of Supervisors  
Clearwater Cay Community Development District  
Clearwater, Florida

### Report on the Financial Statements

We have audited the financial statements of the Clearwater Cay Community Development District as of and for the year ended September 30, 2020, and have issued our report thereon dated August 16, 2021.

### Auditor's Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated August 16, 2021, 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 made to address findings and recommendations made in the preceding financial audit report. The following findings or recommendations were in the preceding financial audit report.

#### 2019-01

Finding: The District is not in compliance with certain provisions of the Series 2006A bond indenture including levying and collecting assessments to provide debt service payments, maintaining adequate balances in the reserve account and making the semi-annual debt service payments.

Recommendation: The District should take the necessary steps to be in compliance with the bond indenture.

To the Board of Supervisors  
Clearwater Cay Community Development District

Management Response: The District initiated foreclosure proceedings several years ago and obtained the property with delinquent assessments. The property was sold and certain debt was retired and/or cancelled. The District followed the remedies outlined in the bond indenture for the collection and enforcement of District debt service assessments.

Current Status: The finding is still applicable in the current fiscal year.

### **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Clearwater Cay Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Clearwater Cay Community Development District met one 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 conditions assessment procedures as of September 30, 2020 for the Clearwater Cay Community Development District. It is management's responsibility to monitor the Clearwater Cay Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the following.

#### **2020-01**

Finding: The actual expenditures in the General Fund exceeded the budget which is a violation of Section 189.016, Florida Statutes.

Response: Management will review spending to ensure that expenditures do not exceed appropriations in the future.



Berger, Toombs, Elam,  
Gaines & Frank  
Certified Public Accountants PL

To the Board of Supervisors  
Clearwater CAY Community Development District

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam  
Gaines + Frank*

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

August 16, 2021



**Berger, Toombs, Elam,  
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

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

**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Clearwater Cay Community Development District  
Clearwater, Florida

We have examined Clearwater Cay Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management is responsible for Clearwater Cay Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Clearwater Cay Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Clearwater Cay Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Clearwater Cay Community Development District's compliance with the specified requirements.

In our opinion, Clearwater Cay Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

*Berger Toombs Elam  
Gaines & Frank*

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

August 16, 2021