

**Clearwater Cay
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2025

Clearwater Cay Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2025

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REPORT OF INDEPENDENT AUDITORS

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

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Clearwater Cay Community Development District (the "District"), as of and for the year ended September 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 certain 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 a result of the aforementioned issues, the Board agreed not to levy Debt Service assessments for the year ended September 30, 2025.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Governmental Activities and Debt Service Fund 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, 2025.



To the Board of Supervisors
Clearwater Cay Community Development District

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, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.



Board of Supervisors
Clearwater Cay Community Development District

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts, and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Board of Supervisors
Clearwater Cay Community Development District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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 Information

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with Florida Statutes 218.39(3)(c) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2026 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 and grant agreements and other matters.



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

Board of Supervisors
Clearwater Cay Community Development District

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 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.

*Berger Toombs Elam
Gaines & Frank*

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

June 15, 2026

Clearwater Cay Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

Management's discussion and analysis of Clearwater Cay Community Development District's (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 debt service.

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, 2025

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 capital improvement 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, 2025.

- ◆ The District's total assets exceeded total liabilities by \$14,512,366 (net position). Net investment in capital assets was \$13,952,393 and restricted net position was \$466,716. Unrestricted net position was \$93,257.
- ◆ Governmental activities revenues totaled \$257,956 while governmental activities expenses totaled \$524,892.

**Clearwater Cay Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

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

	Governmental Activities	
	2025	2024
Current assets	\$ 113,445	\$ 165,212
Restricted assets	560,653	641,894
Capital assets	27,695,946	27,809,471
Total Assets	<u>28,370,044</u>	<u>28,616,577</u>
Current liabilities	20,188	5,425
Non-current liabilities	13,837,490	13,831,850
Total Liabilities	<u>13,857,678</u>	<u>13,837,275</u>
Net Position		
Net investment in capital assets	13,952,393	14,067,780
Restricted	466,716	551,830
Unrestricted	<u>93,257</u>	<u>159,692</u>
Total Net Position	<u>\$ 14,512,366</u>	<u>\$ 14,779,302</u>

The decrease in current and restricted assets is primarily the result of expenditures exceeding revenues at the fund level in the current year.

The decrease in capital assets and net investment in capital assets is primarily due to depreciation in the current year.

**Clearwater Cay Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

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

	Governmental Activities	
	2025	2024
Program Revenues		
Charges for services	\$ 217,159	\$ 223,781
General Revenues		
Miscellaneous revenues	5,079	8,582
Investment earnings	35,718	49,156
Total Revenues	<u>257,956</u>	<u>281,519</u>
Expenses		
General government	402,753	636,944
Physical environment	116,499	127,156
Interest and other charges	5,640	5,640
Total Expenses	<u>524,892</u>	<u>769,740</u>
Change in Net Position	(266,936)	(488,221)
Net Position - Beginning of Year	<u>14,779,302</u>	<u>15,267,523</u>
Net Position - End of Year	<u>\$ 14,512,366</u>	<u>\$ 14,779,302</u>

The decrease in general government is primarily related to a decrease in bank fees in the current year.

The decrease in physical environment is primarily due to a reduction in repairs and maintenance and landscape costs in the current year.

**Clearwater Cay Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

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, 2025 and 2024.

Description	Governmental Activities	
	2025	2024
Land	\$ 27,014,798	\$ 27,014,798
Infrastructure	6,199,946	6,199,946
Accumulated depreciation	(5,518,798)	(5,405,273)
Total Capital Assets, Net	<u>\$ 27,695,946</u>	<u>\$ 27,809,471</u>

In the current year, depreciation was \$113,525.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily because legal service and landscape contract expenditures were less than anticipated.

The September 30, 2025 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, 2025 was \$13,900,000.

**Clearwater Cay Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Clearwater Cay Community Development District is involved in several lawsuits, of which the outcomes could have a significant effect on the financial position or results of operations of the District in fiscal year 2026. See Note F for further information.

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 Boulevard, Suite 101, Fort Myers, Florida 33966.

Clearwater Cay Community Development District
STATEMENT OF NET POSITION
September 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash	\$ 113,445
Non-current Assets	
Restricted assets	
Investments	560,653
Capital assets, not being depreciated	
Land	27,014,798
Capital assets, being depreciated	
Infrastructure	6,199,946
Less: accumulated depreciation	<u>(5,518,798)</u>
Total Non-current Assets	<u>28,256,599</u>
Total Assets	<u>28,370,044</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	<u>20,188</u>
Non-current liabilities	
Bonds payable, net	<u>13,837,490</u>
Total Liabilities	<u>13,857,678</u>
NET POSITION	
Net investment in capital assets	13,952,393
Restricted for debt service	466,716
Unrestricted	<u>93,257</u>
Total Net Position	<u><u>\$ 14,512,366</u></u>

See accompanying notes to financial statements.

Clearwater Cay Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position Governmental Activities
Governmental Activities			
General government	\$ (402,753)	\$ 214,990	\$ (187,763)
Physical environment	(116,499)	2,169	(114,330)
Interest and other charges	(5,640)	-	(5,640)
Total Governmental Activities	<u>\$ (524,892)</u>	<u>\$ 217,159</u>	<u>(307,733)</u>
General Revenues			
			5,079
			35,718
			<u>40,797</u>
Change in Net Position			(266,936)
Net Position - October 1, 2024			14,779,302
Net Position - September 30, 2025			<u>\$ 14,512,366</u>

See accompanying notes to financial statements.

Clearwater Cay Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 113,445	\$ -	\$ -	\$ 113,445
Restricted assets				
Investments	-	477,486	83,167	560,653
	<u>-</u>	<u>477,486</u>	<u>83,167</u>	<u>560,653</u>
Total Assets	<u>\$ 113,445</u>	<u>\$ 477,486</u>	<u>\$ 83,167</u>	<u>\$ 674,098</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 20,188	\$ -	\$ -	\$ 20,188
	<u>\$ 20,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,188</u>
Fund Balances				
Restricted for debt service	-	477,486	-	477,486
Restricted for capital projects	-	-	83,167	83,167
Unassigned	93,257	-	-	93,257
	<u>93,257</u>	<u>-</u>	<u>-</u>	<u>93,257</u>
Total Fund Balances	<u>93,257</u>	<u>477,486</u>	<u>83,167</u>	<u>653,910</u>
Total Liabilities and Fund Balances	<u>\$ 113,445</u>	<u>\$ 477,486</u>	<u>\$ 83,167</u>	<u>\$ 674,098</u>

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, 2025

Total Governmental Fund Balances	\$ 653,910
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets land, \$27,014,798, and infrastructure, \$6,199,946, net of accumulated depreciation, \$(5,518,798), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	27,695,946
Long-term liabilities, including bonds payable, \$(13,900,000), net of bond discount, net, \$62,510, are not due and payable in the current period, and therefore, are not reported at the fund level.	<u>(13,837,490)</u>
Net Position of Governmental Activities	<u><u>\$ 14,512,366</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, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Special assessments	\$ 217,159	\$ -	\$ -	\$ 217,159
Miscellaneous revenues	5,079	-	-	5,079
Interest income	9,101	23,188	3,429	35,718
Total Revenues	<u>231,339</u>	<u>23,188</u>	<u>3,429</u>	<u>257,956</u>
EXPENDITURES				
Current				
General government	294,800	107,858	95	402,753
Physical environment	2,974	-	-	2,974
Total Expenditures	<u>297,774</u>	<u>107,858</u>	<u>95</u>	<u>405,727</u>
Net Change in Fund Balances	(66,435)	(84,670)	3,334	(147,771)
Fund Balances - October 1, 2024	<u>159,692</u>	<u>562,156</u>	<u>79,833</u>	<u>801,681</u>
Fund Balances - September 30, 2025	<u>\$ 93,257</u>	<u>\$ 477,486</u>	<u>\$ 83,167</u>	<u>\$ 653,910</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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ (147,771)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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.	(113,525)
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Bond discount is amortized as interest expense at the government-wide level over the life of the bonds. This is the amount of amortization in the current period.	<u>(5,640)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (266,936)</u></u>
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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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 214,488	\$ 214,488	\$ 217,159	\$ 2,671
Miscellaneous revenues	1,000	1,000	5,079	4,079
Interest income	6,000	6,000	9,101	3,101
Total Revenues	<u>221,488</u>	<u>221,488</u>	<u>231,339</u>	<u>9,851</u>
Expenditures				
Current				
General government	301,238	301,238	294,800	6,438
Physical environment	10,250	10,250	2,974	7,276
Total Expenditures	<u>311,488</u>	<u>311,488</u>	<u>297,774</u>	<u>13,714</u>
Net Change in Fund Balances	(90,000)	(90,000)	(66,435)	23,565
Fund Balances - October 1, 2024	<u>121,812</u>	<u>121,812</u>	<u>159,692</u>	<u>37,880</u>
Fund Balances - September 30, 2025	<u>\$ 31,812</u>	<u>\$ 31,812</u>	<u>\$ 93,257</u>	<u>\$ 61,445</u>

See accompanying notes to financial statements.

Clearwater Cay Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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, 2025

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. 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, 2025

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 in accordance with 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, 2025

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, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Funds – The Debt Service Fund accounts for debt service requirements to retire the capital improvement bonds which were used to finance the construction of District infrastructure improvements.

Capital Projects Funds – The Capital Projects Fund 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 capital assets, and non-current governmental liabilities, such as long-term debt, 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, 2025

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 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. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

e. Budgets

Budgets are prepared and adopted after a public hearing 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, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

f. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

g. Special Assessments

Special assessment revenues recognized for the 2024-2025 fiscal year were levied in July 2024. All assessments are due and payable on November 1 or as soon thereafter, as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Assessments paid in March are without discount. All unpaid assessments become delinquent as of April 1. Unpaid assessments are collected via the sale of tax certificates on or prior to, June 1.

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, \$653,910, differs from “Net Position” of governmental activities, \$14,512,366, 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 and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures at the governmental fund level. 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>(5,518,798)</u>
Total	<u>\$ 27,695,946</u>

Clearwater Cay Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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

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

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, 2025 were:

Bonds payable	\$ (13,900,000)
Bond discount, net	<u>62,510</u>
Total	<u>\$ (13,837,490)</u>

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

The “net change in fund balances” for government funds, \$(147,771), differs from the “change in net position” for governmental activities, \$(266,936), 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 at the governmental fund level. However, in the Statement of Activities, the cost of those assets is capitalized and the cost is allocated over their estimated useful lives as depreciation.

Depreciation	<u>\$ (113,525)</u>
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Long-term debt transactions

Bond discounts are amortized at the government-wide level as interest over the life of the bonds.

Bond discount amortization	<u>\$ (5,640)</u>
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Clearwater Cay Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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, 2025, the District's bank balance was \$113,923 and the carrying value was \$113,445. 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 the Federal Deposit Insurance Corporation or collateralized under Chapter 280, Florida Statutes.

Investments

As of September 30, 2025, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Bank Managed Money Market	N/A	<u>\$ 560,653</u>

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 use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The District does not hold any investments subject to the fair value hierarchy.

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.

Clearwater Bay Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2025, the District's investment in U.S. Bank Managed Money Market was not rated.

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 Managed Money Market are 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2025 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 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
<u>Governmental Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 27,014,798	\$ -	\$ -	\$ 27,014,798
Capital assets, being depreciated				
Infrastructure	6,199,946	-	-	6,199,946
Accumulated depreciation	(5,405,273)	(113,525)	-	(5,518,798)
Capital Assets, Being Depreciated, Net	794,673	(113,525)	-	681,148
Governmental Activities Capital Assets	<u>\$ 27,809,471</u>	<u>\$ (113,525)</u>	<u>\$ -</u>	<u>\$ 27,695,946</u>

Depreciation of \$113,525 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 by \$2,115,000 in relation to the exchange.

Clearwater Cay Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE E – 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>(62,510)</u>
Bonds payable, net	<u>\$ 13,837,490</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 events occurred as outlined in the Trust Indenture.

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. During fiscal year 2022, the District made a partial payment of delinquent interest of \$1,529,000.

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, 2025. In addition, no required 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. As a result of the aforementioned issue, the District did not levy debt service special assessments for fiscal year 2025.

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.

Clearwater Cay Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE F – CONTINGENT LIABILITIES, LITIGATION AND CLAIMS

The District is involved in various legal proceedings and claims that arise during the normal course of operations. Management, in consultation with legal counsel, evaluates each matter to determine the likelihood of an unfavorable outcome and whether the potential loss can be reasonably estimated. When it is determined that a loss is both probable and can be reasonably estimated, a liability is recorded in the financial statements. For matters where a loss is reasonably possible or the amount of loss cannot be reasonably estimated, no liability is recorded, but such matters are disclosed. The following is a summary of significant contingent liabilities and pending litigation as of September 30, 2025.

U.S. Bank Trust Company, National Association vs Clearwater Cay Community Development District et. al.

The District and other parties are involved in a legal dispute with U.S. Bank Trust Company, National Association, in its capacity as Trustee pursuant to the Series 2006A Trust Indenture. The Trustee has filed a breach-of-contract lawsuit against the District over allegedly unpaid real estate development bonds. The action is presently stayed indefinitely, pending final resolution of the related state court case. Counsel has advised that the outcome cannot be predicted with certainty. The Trustee alleges impairment of approximately \$19 million in bond obligations; however, the ultimate outcome, potential remedies, and any resulting exposure remain uncertain. Accordingly, no liability has been recorded in the accompanying financial statements.

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

The District and other parties are involved in a legal dispute with Grand Venezia COA, Inc. and certain bondholders regarding the amount and validity 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 circuit court granted summary judgment in favor of the District and Grand Venezia, and the bondholders have appealed that ruling. The parties are currently engaged in appellate briefing. Counsel has advised that the outcome cannot be predicted with certainty. If the bondholders were to prevail, potential exposure could approach approximately \$19 million or result in nonmonetary relief requiring the District to impose assessments sufficient to repay the bonds. Accordingly, no liability has been recorded in the accompanying financial statements.

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 relate to the \$184,532 claim. Management believes no liability is required to be recorded for this matter.

Clearwater Cay Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE G – 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. For the year ended September 30, 2025, the District did not maintain commercial liability insurance coverage due to the non-renewal of its previous policy. Instead, the District has elected to self-fund liability coverage, assuming direct financial responsibility for any claims arising from these risks.

As a special-purpose governmental entity, the District is protected under Florida's sovereign immunity laws (Section 768.28, Florida Statutes), which limit liability to \$200,000 per person and \$300,000 per occurrence, unless otherwise authorized by the Florida Legislature.

Management has assessed the District's risk exposure and determined that current reserve levels are sufficient to address potential liabilities. However, the absence of commercial coverage may increase the District's financial vulnerability in the event of significant or multiple claims. The District continues to monitor its risk profile and may re-evaluate its insurance strategy in future fiscal years.

NOTE H – EASEMENT AGREEMENT

During the fiscal year ended September 30, 2023, the District entered into a 98-year agreement with Grand Venezia COA, Inc. (the "Association") for use of certain District property. During this time, the Association will maintain the District property as described in the agreement.



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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 (*Government Auditing Standards*), the financial statements, as listed in the table of contents, of Clearwater Cay Community Development District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated June 15, 2026. Our report disclaims an opinion on the Governmental Activities and the Debt Service Fund of the District due to a lack of support for values of current and previously removed capital assets as well as certain debt service expenditures.

Report on 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.



Board of Supervisors
Clearwater Cay Community Development District

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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, certain matters are reported in the accompanying management letter in accordance with Chapter 10.550, Rules of the Auditor General.

Purpose of this Report

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

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

June 15, 2026



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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 Clearwater Cay Community Development District as of and for the year ended September 30, 2025, and have issued our report thereon dated June 15, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the 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 Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 15, 2026, 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 made 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.



Board of Supervisors
Clearwater Cay Community Development District

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

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. In prior years, the District followed the remedies outlined in the bond indenture for the collection and enforcement of District debt service assessments. In fiscal year 2024, due to unsettled issues with how the assessments being collected were being applied, the District voted to no longer levy debt service assessments.

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

Financial Condition and Management

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 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 Clearwater Cay Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Clearwater Cay Community Development District. It is management's responsibility to monitor Clearwater Cay Community Development District's financial condition; and 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.

Specific Information

The information below was provided by management and has not been audited by us; therefore, we do not express an opinion or provide any assurance on the information.

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

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year as: 4
- 2) The total number of independent contractors, to whom nonemployee compensation was paid in the last month of the District's fiscal year as: 4
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$5,800
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$195,041.75



Board of Supervisors
Clearwater Cay Community Development District

- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2024, together with the total expenditures for such project as: None
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The Board did not amend the budget.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, Clearwater Cay Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District:
\$328 - \$55,817 for the General Fund.
- 2) The amount of special assessments collected by or on behalf of the District: \$217,159
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds are as follows: \$13,900,000 Series 2006A Bonds due on May 2037

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has 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 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

June 15, 2026



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**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, 2025. 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, 2025.

*Berger Toombs Elam
Gaines & Frank*

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

June 15, 2026