

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS**

September 30, 2024

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**  
**FINANCIAL STATEMENTS**  
September 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
Scenic Highway Community Development District  
City of Haines City, Florida

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Scenic Highway Community Development District, City of Haines City, Florida ("District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2025, on our consideration of the Scenic Highway Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

We have also issued our report dated June 16, 2025 on our consideration of the District's compliance with requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation Standards established by the American Institute of Certified Public Accountants.



DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
June 16, 2025

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

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

### FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position balance of (\$315,041).
- The change in the District's total net position in comparison with the prior fiscal year was \$114,752, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2024, the District's governmental funds reported combined ending fund balances of \$764,966. A portion of fund balance is restricted for debt service and future capital repairs and replacement, nonspendable prepaid items, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund. All funds are major funds. The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

### GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year. A portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements and infrastructure). These assets are used to provide services to residents; consequently, these assets are not available for future spending. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

Key components of net position were as follows:

#### Statement of Net Position

	2024	2023
Current assets	\$ 802,593	\$ 698,938
Capital assets	6,748,608	6,898,236
Total assets	7,551,201	7,597,174
Current liabilities	351,767	133,660
Long-term liabilities	7,514,475	7,893,307
Total liabilities	7,866,242	8,026,967
Net position		
Net invested in capital assets	(959,306)	(995,071)
Restricted for debt service	319,262	291,331
Restricted for capital projects	256,418	24,389
Unrestricted	68,585	249,558
Total net position	\$ (315,041)	\$ (429,793)

The District's net position increased during the most recent fiscal year. The majority of the change represents the degree to which program revenues exceeded ongoing cost of operations.

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

#### Change in Net Position

	2024	2023
Program revenues	\$ 877,697	\$ 921,546
General revenues	23,000	42,392
Total revenues	900,697	963,938
Expenses		
General government	96,504	84,308
Physical environment	225,408	143,559
Culture and recreation	160,246	433,713
Interest on long-term debt	303,787	311,155
Cost of issuance	-	844,052
Total expenses	785,945	1,816,787
Change in net position	114,752	(852,849)
Net position - beginning of period	(429,793)	423,056
Net position - end of year	\$ (315,041)	\$ (429,793)



# **SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

September 30, 2024

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2024 was \$785,945, which consisted of interest on long-term debt and costs associated with constructed and maintaining certain capital improvements. The costs of the District's activities were funded by special assessments.

### **GENERAL BUDGETING HIGHLIGHTS**

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2024.

The variance between budgeted and actual general fund revenues is not considered significant. The actual general fund expenditures for the current fiscal year were significantly lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### Capital Assets

At September 30, 2024, the District had \$6,748,608 invested in capital assets. More detailed information about the District's capital assets is presented in the notes of the financial statements.

#### Capital Debt

At September 30, 2024, the District had \$7,707,914 in notes payable and Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the accompanying notes to the financial statements.

### **ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION**

For the fiscal year 2025, the District anticipates that the cost of general operations will remain fairly constant. In connection with the District's future infrastructure maintenance and replacement plan, the District Board has included in the budget, an estimate of those anticipated future costs and has assigned a portion of current available resources for that purpose.

# **SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

September 30, 2024

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT****STATEMENT OF NET POSITION**

September 30, 2024

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 90,490
Assessments receivable	907
Prepaid items	31,229
Restricted assets:	
Investments	678,951
Assessments receivable	1,016
Capital assets:	
Depreciable	6,748,608
TOTAL ASSETS	<u>\$ 7,551,201</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 37,627
Accrued interest payable	120,701
Bonds and notes payable, due within one year	193,439
Bonds and notes payable, due in more than one year	7,514,475
TOTAL LIABILITIES	<u>7,866,242</u>
<b>NET POSITION</b>	
Net investment in capital assets	(959,306)
Restricted for:	
Debt service	319,262
Capital projects	256,418
Unrestricted	68,585
TOTAL NET POSITION	<u>\$ (315,041)</u>

The accompanying notes are an integral part of this financial statement

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## STATEMENT OF ACTIVITIES

Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenues and
		Services	Contributions	Changes in Net
				Position
				Governmental
				Activities
Governmental activities				
General government	\$ 96,504	\$ 96,504	\$ -	\$ -
Physical environment	225,408	157,072	-	(68,336)
Culture and recreation	160,246	160,246	-	-
Interest on long-term debt	303,787	463,875	-	160,088
Total governmental activities	<u>\$ 785,945</u>	<u>\$ 877,697</u>	<u>\$ -</u>	<u>91,752</u>
General revenues:				
Investment earnings				22,910
Miscellaneous income				90
Total general revenues				<u>23,000</u>
Change in net position				<u>114,752</u>
Net position - October 1, 2023				<u>(429,793)</u>
Net position - September 30, 2024				<u>\$ (315,041)</u>

The accompanying notes are an integral part of this financial statement

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2024

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 64,076	\$ -	\$ 26,414	\$ 90,490
Assessments receivable	907	-	-	907
Due from other funds	10,000	-	-	10,000
Prepaid items	31,229	-	-	31,229
Restricted assets:				
Investments	-	438,947	240,004	678,951
Assessments receivable	-	1,016	-	1,016
TOTAL ASSETS	<u>\$ 106,212</u>	<u>\$ 439,963</u>	<u>\$ 266,418</u>	<u>\$ 812,593</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 37,627	\$ -	\$ -	\$ 37,627
Due to other funds	-	-	10,000	10,000
TOTAL LIABILITIES	<u>37,627</u>	<u>-</u>	<u>10,000</u>	<u>47,627</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	31,229	-	-	31,229
Restricted for:				
Debt service	-	439,963	-	439,963
Capital projects	-	-	256,418	256,418
Unassigned	37,356	-	-	37,356
TOTAL FUND BALANCES	<u>68,585</u>	<u>439,963</u>	<u>256,418</u>	<u>764,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 106,212</u>	<u>\$ 439,963</u>	<u>\$ 266,418</u>	<u>\$ 812,593</u>

The accompanying notes are an integral part of this financial statement

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2024**

Total Governmental Fund Balances in the Balance Sheet	\$ 764,966
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital asset used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Governmental capital assets	7,146,231
Less accumulated depreciation	(397,623)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Accrued interest payable	(120,701)
Governmental bonds and notes payable	(7,707,914)
Net Position of Governmental Activities	<u>\$ (315,041)</u>

The accompanying notes are an integral part of this financial statement

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2024**

	MAJOR FUNDS			TOTAL
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Special assessments	\$ 413,822	\$ 463,875	\$ -	\$ 877,697
Miscellaneous revenue	90	-	-	90
Investment earnings	-	21,753	1,157	22,910
<b>TOTAL REVENUES</b>	<u>413,912</u>	<u>485,628</u>	<u>1,157</u>	<u>900,697</u>
<b>EXPENDITURES</b>				
General government	95,172	-	1,332	96,504
Physical environment	123,025	-	-	123,025
Culture and recreation	103,001	-	-	103,001
Capital outlay	-	-	10,000	10,000
Debt				
Principal	20,393	165,000	-	185,393
Interest expense	11,089	294,850	-	305,939
<b>TOTAL EXPENDITURES</b>	<u>352,680</u>	<u>459,850</u>	<u>11,332</u>	<u>823,862</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>61,232</u>	<u>25,778</u>	<u>(10,175)</u>	<u>76,835</u>
<b>OTHER SOURCES (USES)</b>				
Transfers in (out)	(242,205)	-	242,205	-
<b>TOTAL OTHER SOURCES (USES)</b>	<u>(242,205)</u>	<u>-</u>	<u>242,205</u>	<u>-</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(180,973)</u>	<u>25,778</u>	<u>232,030</u>	<u>76,835</u>
<b>FUND BALANCE</b>				
Beginning of year	249,558	414,185	24,388	688,131
End of year	<u>\$ 68,585</u>	<u>\$ 439,963</u>	<u>\$ 256,418</u>	<u>\$ 764,966</u>

The accompanying notes are an integral part of this financial statement

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$	76,835
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Amount 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 costs of those assets are depreciated  
over their estimated useful lives:

Capital outlay		10,000
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Repayment of long-term liabilities are reported as expenditures in the  
governmental fund financial statements, but such repayments reduce  
liabilities in the Statement of Net Position and are eliminated in the  
Statement of Activities:

Payments on long-term debt		185,393
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Certain items reported in the Statement of Activities do not require  
the use of current financial resources and therefore are not reported  
expenditures in the governmental funds:

Current year provision for depreciation		(159,628)
Change in accrued interest payable		2,152

Change in Net Position of Governmental Activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">114,752</div>
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The accompanying notes are an integral part of this financial statement



# **SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A- NATURE OF ORGANIZATION AND REPORTING ENTITY**

Scenic Highway Community Development District ("District") was created on March 7, 2019 by the City of City of Haines City, Florida Ordinance No. 19-1634 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The majority of the Board members are affiliated with the Developer or landowner. The Supervisors are elected on an at large basis by the qualified electors of the property owners within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing Improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Government-Wide and Fund Financial Statements (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other Items not included among program revenues are reported instead as general revenues.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the economic financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when a liability is incurred, as under accrual accounting.

#### **Assessments**

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations are billed and collected by the County Tax Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

The District reports the following major governmental funds:

##### General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

##### Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest of long-term debt.

##### Capital Projects Fund

The capital projects fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure with the District.

#### **Assets, Liabilities and Net Position or Equity**

##### Restricted Assets

These assets represent cash and investments set aside pursuant to contractual restrictions.

##### Deposits and Investments

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

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

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Assets, Liabilities and Net Position or Equity (continued)**

##### Deposits and Investments (continued)

- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

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

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

##### Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (continued)

##### Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Capital assets of the District are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Stormwater management	75
Paving	50
Amenities	30
Entry features	30
Furniture and equipment	5

##### Unearned Revenue/Deferred Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

##### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (continued)

##### Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the District would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such times as the revenue becomes available.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item, deferred revenue, which qualifies for reporting in this category.

##### Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

Committed fund balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance - Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board can assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Assets, Liabilities and Net Position or Equity (continued)**

##### Fund Equity/Net Position (continued)

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

#### **Other Disclosures**

##### Use of Estimates

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

### NOTE C - BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE D – DEPOSITS AND INVESTMENTS

#### Deposits

The District's cash balances, including certificates of deposit, were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

#### Investments

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

Investment	Fair Value	Credit Risk	Maturities
Money Market Mutual Funds - First American Treasury Obligation CL Y	\$ 438,951	S&P AAAm	Weighted average of the fund portfolio: 31 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	240,000	S&P AAAm	Weighted average maturity: 39 days
Total Investments	<u>\$ 678,951</u>		

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

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

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

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

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



# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE D – DEPOSITS AND INVESTMENTS

#### Investments (continued)

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

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

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

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

The District participated in the following external investment pools:

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

### NOTE E – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables for the fiscal year ended September 30, 2024 were as follows:

Fund	Receivable	Payable
General	\$ 10,000	\$ -
Capital projects	-	10,000
Total	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The outstanding balances between the funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balance between the general fund and the capital projects fund relate to amounts from the capital projects fund not yet transferred to the general fund.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE E – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers for the fiscal year ended September 30, 2024 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Capital projects	\$ 242,205	\$ -
Debt service	-	242,205
Total	<u>\$ 242,205</u>	<u>\$ 242,205</u>

Transfers are used to move revenues and other financing sources from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the District, transfers from the debt service fund to the capital projects fund were made in accordance with the Bond Indentures.

### NOTE F - CAPITAL ASSETS

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

	<u>Balance 10/01/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 09/30/2024</u>
<b>Governmental activities:</b>				
Capital assets, being depreciated				
Stormwater management	3,720,133	-	-	3,720,133
Paving	1,699,822	-	-	1,699,822
Amenities	1,039,890	-	-	1,039,890
Entry features	563,641	-	-	563,641
Equipment	-	10,000	-	10,000
Equipment - financed purchase	112,745	-	-	112,745
Total capital assets, being depreciated	<u>7,136,231</u>	<u>10,000</u>	<u>-</u>	<u>7,146,231</u>
Less accumulated depreciation for:				
Stormwater management	59,171	49,602	-	108,773
Paving	67,570	33,996	-	101,566
Amenities	54,884	34,663	-	89,547
Entry features	18,788	18,785	-	37,573
Equipment	-	33	-	33
Equipment - financed purchase	37,582	22,549	-	60,131
Total accumulated depreciation	<u>237,995</u>	<u>159,628</u>	<u>-</u>	<u>397,623</u>
Total capital assets, being depreciated - net	<u>6,898,236</u>	<u>(149,628)</u>	<u>-</u>	<u>6,748,608</u>
Governmental activities capital assets - net	<u>\$ 6,898,236</u>	<u>\$ (149,628)</u>	<u>\$ -</u>	<u>\$ 6,748,608</u>

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE F - CAPITAL ASSETS (CONTINUED)

The total project cost of the infrastructure has been estimated at approximately \$9.3 million, of which approximately \$7 million is financed with the proceeds from the 2020 Bond Series and the remainder to be funded by the Landowners. The infrastructure includes stormwater management, water and sewer facilities, roadways, landscaping and hardscaping and amenities. Upon completion, certain assets have been conveyed to other entities for ownership and/or maintenance.

Depreciation expense of \$159,628 was charged to physical environment and culture and recreation in the amount of \$102,383 and \$57,245, respectively.

### NOTE G – LONG-TERM LIABILITIES

**\$8,120,000 Special Assessment Bonds, Series 2020** - On December 11, 2020, the District issued \$8,120,000 in Special Assessment Bonds, Series 2020. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable through May 2051. The Bonds bear interest ranging from 2.75% to 4.0% payable semi-annually on the first day of each May and November. Principal is due serially each May 1, commencing May 2022.

#### Financed Purchase Agreement

In March 2022, the District entered into a capital lease agreement for the acquisition of pool furniture and playground equipment. The total acquisition cost of the equipment was \$112,745 which was recognized as a capital lease obligation. The term of the lease is from May 1, 2022 through April 1, 2027 and is payable in monthly installments of \$2,623.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds 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 of debt service and to meet the reserve requirements. The requirements have been met for the fiscal year ended September 30, 2024.

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2024:

	Balance 10/01/2023	Additions	Deletions	Balance 09/30/2024	Due Within One Year
Special Assessment Bonds, Series 2020	\$ 7,805,000	\$ -	\$ 165,000	\$ 7,640,000	\$ 170,000
Note payable - financed purchase	88,307	-	20,393	67,914	23,439
	<u>\$ 7,893,307</u>	<u>\$ -</u>	<u>\$ 185,393</u>	<u>\$ 7,707,914</u>	<u>\$ 193,439</u>

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE G – LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2024 are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 170,000	\$ 290,313	\$ 460,313
2026	175,000	285,638	460,638
2027	180,000	279,950	459,950
2028	185,000	274,100	459,100
2029	195,000	268,088	463,088
2030-2034	1,070,000	1,235,313	2,305,313
2035-2039	1,300,000	1,019,375	2,319,375
2040-2044	1,570,000	751,675	2,321,675
2045-2049	1,915,000	412,000	2,327,000
2050-2054	880,000	53,200	933,200
	<u>\$ 7,640,000</u>	<u>\$ 4,869,652</u>	<u>\$ 12,509,652</u>

The scheduled payments for years September 30, 2024 are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 23,439	\$ 8,042	\$ 31,481
2026	26,939	4,541	31,480
2027	17,536	828	18,364
2028	-	-	-
2029	-	-	-
	<u>\$ 67,914</u>	<u>\$ 13,411</u>	<u>\$ 81,325</u>

### NOTE H – DEVELOPER TRANSACTIONS

The Developer owns a portion of land within the District; therefore, assessment revenues in the debt service funds include the assessments levied on those lots owned by the Developer.

### NOTE I - MANAGEMENT COMPANY

The District has contracted with a management company to perform services which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

# **SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**September 30, 2024**

### **NOTE J - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims since inception of the District.

# SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT

## STATEMENT OF REVENUES AND EXPENDITURES

### BUDGET AND ACTUAL – GENERAL FUND

Year Ended September 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Special assessments	\$ 410,340	\$ 412,915	\$ 413,822	\$ 907
Miscellaneous revenue	-	90	90	-
TOTAL REVENUES	410,340	413,005	413,912	907
<b>EXPENDITURES</b>				
Current				
General government	126,352	119,080	95,172	23,908
Physical environment	145,647	134,990	123,025	11,965
Culture and recreation	136,136	142,402	103,001	39,401
Debt				
Principal	-	-	20,393	(20,393)
Interest expense	-	-	11,089	(11,089)
TOTAL EXPENDITURES	408,135	396,472	352,680	43,792
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,205	16,533	61,232	44,699
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(2,205)	(242,205)	(242,205)	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES</b>	<u>\$ -</u>	<u>\$ (225,672)</u>	(180,973)	<u>\$ 44,699</u>
<b>FUND BALANCES</b>				
Beginning of year			249,558	
End of year			<u>\$ 68,585</u>	

**SCENIC HIGHWAY COMMUNITY DEVELOPMENT DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2024.

The variance between budgeted and actual general fund revenues is not considered significant. The actual general fund expenditures for the current fiscal year were significantly lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

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

To the Board of Supervisors  
Scenic Highway Community Development District  
City of Haines City, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Scenic Highway Community Development District, as of September 30, 2024 and for the year ended September 30, 2024, which collectively comprise Scenic Highway Community Development District's basic financial statements and have issued our report thereon dated June 16, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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



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

Fort Pierce, Florida

June 16, 2025

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

To the Board of Supervisors  
Scenic Highway Community Development District  
City of Haines City, Florida

We have examined Scenic Highway Community Development District, City of Haines City, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2024. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

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

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Scenic Highway Community Development District, City of Haines City, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee Hartley & Barnes, P.A.  
Fort Pierce, Florida  
June 16, 2025

Management Letter

To the Board of Supervisors  
Scenic Highway Community Development District  
City of Haines City, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Scenic Highway Community Development District ("District") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 16, 2025.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 16, 2025, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

## **Property Assessed Clean Energy (PACE) Programs**

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

## **Specific Information**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Scenic Highway Community Development District reported:

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as N/A.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 9.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as N/A.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$352,144.
- e. The District does not have any construction projects with a total cost of at least \$65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. The District amended its final adopted budget under Section 189.016(6), Florida Statutes, as included on page 28.

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

- a. The rate or rates of non-ad valorem special assessments imposed by the District range from \$1,198 to \$1,344 per residential unit.
- b. The total amount of special assessments collected by or on behalf of the District as \$877,697.
- c. The total amount of outstanding bonds issued by the District as \$7,640,000.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*DiBartolomeo, McBee, Hartley & Barnes*

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

Fort Pierce, Florida

June 16, 2025