

Armstrong Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2020

Armstrong Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2020

TABLE OF CONTENTS

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	15
Notes to Financial Statements	16-30
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 <i>GOVERNMENT AUDITING STANDARDS</i>	31-32
MANAGEMENT LETTER	33-34
INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	35



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

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

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Armstrong Community Development District
Clay County, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Fort Pierce / Stuart

- 1 -

Member AICPA

Member AICPA Division for CPA Firms
Private Companies practice Section

Member FICPA

To the Board of Supervisors
Armstrong Community Development District

Opinion

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 Armstrong Community Development District, as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 12, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Fork Community Development District's internal control over financial reporting and compliance.



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

July 12, 2021

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in three categories; net investment in capital assets, restricted, and 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.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The government-wide financial statement is designed to provide the reader with a broad overview of the District's finances, in a manner similar to a private sector business. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all non-current assets and receivables as well as all non-current debt and obligations. The effect of interfund activity has been eliminated from the government-wide financial statements. In contrast, the governmental fund financial statements are grouped into funds to account for and to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis where as revenues are recorded when collected in the current period or within 60 days of year-end and expenditures are recorded when a liability is incurred. The difference between the two statements arises primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. A reconciliation of the government-wide and the fund financial statement is provided to illustrate these differences.

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

Financial Highlights

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

- ◆ The District's total assets exceeded total liabilities by \$11,806,176, (net position). Unrestricted net position for Governmental Activities was \$38,726. Net investment in capital assets was \$11,596,235. Restricted net position was \$171,215.
- ◆ Governmental activities revenues totaled \$2,509,519 while governmental activities expenses totaled \$1,191,194.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

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

Net Position

	Governmental Activities	
	2020	2019
Current assets	\$ 80,272	\$ 403,682
Restricted assets	1,208,379	1,312,495
Capital assets	22,290,021	17,235,509
Total Assets	23,578,672	18,951,686
Current liabilities	463,221	1,205,719
Non-current liabilities	11,309,275	7,258,116
Total Liabilities	11,772,496	8,463,835
Net position - net investment in capital assets	11,596,235	9,308,761
Net position - restricted	171,215	1,145,459
Net position - unrestricted	38,726	33,631
Total Net Position	\$ 11,806,176	\$ 10,487,851

The decrease in current assets is mainly the result of the decrease in due from developer in the current year.

The increase in capital assets is primarily the result of the capital project activity in the current year.

The increase in non-current liabilities is the result of the issuance of long-term debt in the current year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

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

Change in Net Position

	Governmental Activities	
	2020	2019
Program Revenues		
Charges for services	\$ 452,593	\$ 2,713,922
Operating grants and contributions	250,508	774,344
Capital grants and contributions	1,640,299	2,102,718
General Revenues		
Investment earnings	2,381	-
Miscellaneous revenues	163,738	34,814
Total Revenues	<u>2,509,519</u>	<u>5,625,798</u>
Expenses		
General government	111,294	118,724
Physical environment	150,383	57,368
Culture/recreation	117,012	12,028
Interest and other costs	812,505	297,613
Total Expenses	<u>1,191,194</u>	<u>485,733</u>
Change in Net Position	1,318,325	5,140,065
Net Position - Beginning of Year	<u>10,487,851</u>	<u>5,347,784</u>
Net Position - End of Year	<u>\$ 11,806,176</u>	<u>\$ 10,487,849</u>

The increase in physical environment is related to the increase in landscape maintenance expenses in the current year.

The increase in culture/recreation is related to the construction of the amenity center in the current year.

The increase in interest and other costs is related to the cost of issuance of long-term debt in the current year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

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

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Construction in progress	\$ 22,216,930	\$ 17,154,297
Equipment	81,212	81,212
Accumulated depreciation	(8,121)	-
Total Capital Assets (Net)	<u>\$ 22,290,021</u>	<u>\$ 17,235,509</u>

During the year, \$5,062,633 was added to construction in progress and depreciation was \$8,121.

General Fund Budgetary Highlights

The budget exceeded actual expenditures for the year primarily because utility and landscape costs were less than anticipated.

The budget was not amended for the year ended September 30, 2020.

Debt Management

Governmental Activities debt includes the following:

- ◆ In September 2017, the District issued \$4,035,000 Series 2017A Special Assessment Revenue Bonds. These bonds were issued to finance the cost of acquiring, constructing, and equipping certain assessable improvements. The balance outstanding at September 30, 2020 was \$3,970,000.
- ◆ In September 2017, the District issued \$2,890,000 Series 2017B Special Assessment Revenue Bonds. These bonds were issued to finance the cost of acquiring, constructing, and equipping certain assessable improvements. The balance outstanding was paid off during the year.
- ◆ In October 2019, the District issued \$7,500,000 Series 2019A Special Assessment Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation and equipping of the Series 2019A Project. The balance outstanding at September 30, 2020 was \$7,500,000.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Armstrong Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2021.

Request for Information

The financial report is designed to provide a general overview of Armstrong 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 Armstrong Community Development District, Governmental Management Services LLC, 475 W Town Place, Suite 114, St. Augustine, Florida 32092.

Armstrong Community Development District
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 43,151
Due from developer	26,688
Prepaid expenses	10,433
Total Current Assets	80,272
Non-Current Assets	
Restricted:	
Investments	1,208,379
Capital Assets Not Being Depreciated	
Construction in progress	22,216,930
Capital Assets Being Depreciated:	
Equipment	81,212
Less: accumulated depreciation	(8,121)
Total Non-Current Assets	23,498,400
Total Assets	23,578,672
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	17,299
Due to others	24,247
Contracts/retainage payable	135,576
Accrued interest	202,169
Leases payable-current	13,930
Bonds payable-current	70,000
Total Current Liabilities	463,221
Non-Current Liabilities	
Bonds payable, net	11,283,086
Leases payable	26,189
Total Non-Current Liabilities	11,309,275
Total Liabilities	11,772,496
NET POSITION	
Net investment in capital assets	11,596,235
Restricted for debt service	131,829
Restricted for capital projects	39,386
Unrestricted	38,726
Total Net Position	\$ 11,806,176

See accompanying notes to financial statements.

Armstrong Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government					
Governmental Activities					
General government	\$ (111,294)	\$ 52,557	\$ 74,796	\$ -	\$ 16,059
Physical environment	(150,383)	67,746	96,412	1,640,299	1,654,074
Culture/recreation	(117,012)	55,722	79,300	-	18,010
Interest and other costs	(812,505)	276,568	-	-	(535,937)
Total Governmental Activities	<u>\$ (1,191,194)</u>	<u>\$ 452,593</u>	<u>\$ 250,508</u>	<u>\$ 1,640,299</u>	<u>1,152,206</u>
General Revenues:					
Investment earnings					2,381
Miscellaneous revenues					163,738
Total General Revenues					<u>166,119</u>
Change in Net Position					1,318,325
Net Position - October 1, 2019					10,487,851
Net Position - September 30, 2020					<u>\$ 11,806,176</u>

See accompanying notes to financial statements.

Armstrong Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2020

	<u>Governmental Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
ASSETS				
Cash	\$ 43,151	\$ -	\$ -	\$ 43,151
Due from developer	26,688	-	-	26,688
Prepaid expenses	10,433	-	-	10,433
Restricted assets:				
Investments, at fair value	-	1,033,417	174,962	1,208,379
Total Assets	<u>\$ 80,272</u>	<u>\$ 1,033,417</u>	<u>\$ 174,962</u>	<u>\$ 1,288,651</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 17,299	\$ -	\$ -	\$ 17,299
Due to others	24,247	-	-	24,247
Contracts/retainage payable	-	-	135,576	135,576
Total Liabilities	<u>41,546</u>	<u>-</u>	<u>135,576</u>	<u>177,122</u>
FUND BALANCES				
Nonspendable - prepaid expenses	10,433	-	-	10,433
Restricted for debt service	-	1,033,417	-	1,033,417
Restricted for capital projects	-	-	39,386	39,386
Unassigned	28,293	-	-	28,293
Total Fund Balances	<u>38,726</u>	<u>1,033,417</u>	<u>39,386</u>	<u>1,111,529</u>
Total Liabilities and Fund Balances	<u>\$ 80,272</u>	<u>\$ 1,033,417</u>	<u>\$ 174,962</u>	<u>\$ 1,288,651</u>

See accompanying notes to financial statements.

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

Total Governmental Fund Balances	\$ 1,111,529
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress, \$22,216,930, equipment, \$81,212, and net of accumulated depreciation, \$(8,121), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	22,290,021
Long-term liabilities, including bonds payable, \$(11,470,000), net of bond discounts, \$116,914, and leases payables, \$(40,119), are not due and payable in the current period, and therefore, are not reported at the fund level.	(11,393,205)
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the fund level.	<u>(202,169)</u>
Net Position of Governmental Activities	<u><u>\$ 11,806,176</u></u>

See accompanying notes to financial statements.

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

	Governmental Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
Revenues				
Special assessments	\$ 176,025	\$ 276,568	\$ -	\$ 452,593
Developer contributions	250,508	-	1,640,299	1,890,807
Miscellaneous revenues	-	-	163,738	163,738
Investment earnings	-	956	1,425	2,381
Total Revenues	<u>426,533</u>	<u>277,524</u>	<u>1,805,462</u>	<u>2,509,519</u>
Expenditures				
Current				
General government	110,367	-	927	111,294
Physical environment	142,262	-	-	142,262
Culture/recreation	117,012	-	-	117,012
Capital outlay	-	-	5,062,633	5,062,633
Debt service				
Principal	12,733	3,368,111	-	3,380,844
Interest	4,250	370,229	-	374,479
Other debt service	-	-	331,384	331,384
Total Expenditures	<u>386,624</u>	<u>3,738,340</u>	<u>5,394,944</u>	<u>9,519,908</u>
Revenues over/(under) expenditures	39,909	(3,460,816)	(3,589,482)	(7,010,389)
Other Financing Sources/(Uses)				
Issuance of long-term debt	-	3,249,368	4,250,632	7,500,000
Bond discount	-	-	(65,924)	(65,924)
Transfers in	-	-	35,059	35,059
Transfers out	(34,814)	(245)	-	(35,059)
Total Other Financing Sources/(Uses)	<u>(34,814)</u>	<u>3,249,123</u>	<u>4,219,767</u>	<u>7,434,076</u>
Net change in fund balances	5,095	(211,693)	630,285	423,687
Fund Balances - October 1, 2019	<u>33,631</u>	<u>1,245,110</u>	<u>(590,899)</u>	<u>687,842</u>
Fund Balances - September 30, 2020	<u>\$ 38,726</u>	<u>\$ 1,033,417</u>	<u>\$ 39,386</u>	<u>\$ 1,111,529</u>

See accompanying notes to financial statements.

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

Net Change in Fund Balances - Total Governmental Funds	\$ 423,687
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 that depreciation, \$(8,121), was exceeded by capital outlay, \$5,062,633, in the current year.	5,054,512
Repayments of bond principal are expenditures in the governmental funds and reduce long-term liabilities in the Statement of Net Position.	3,380,844
The issuance of long-term debt, \$(7,500,000) net of bond discount, \$65,924, is recognized as an other financing source/(use) at the fund level. At the government-wide level it is reflected as an increase in long-term liabilities.	(7,434,076)
Amortization of bond discount reported in the Statement of Activities does not require the use of current financial resources and therefore, is not reported as an expenditure at the fund level.	(4,124)
In the Statement of Activities, interest is accrued on outstanding and matured bonds; whereas in governmental funds, interest expenditures are reported when due. This is the increase in accrued interest from the prior year.	<u>(102,518)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,318,325</u></u>

See accompanying notes to financial statements.

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 175,800	\$ 175,800	\$ 176,025	\$ 225
Developer contributions	263,553	263,553	250,508	(13,045)
Total Revenues	<u>439,353</u>	<u>439,353</u>	<u>426,533</u>	<u>(12,820)</u>
Expenditures				
Current				
General government	127,527	127,527	110,367	17,160
Physical environment	144,365	144,365	142,262	2,103
Culture/recreation	167,461	167,461	117,012	50,449
Debt service				
Principal	-	-	12,733	(12,733)
Interest	-	-	4,250	(4,250)
Total Expenditures	<u>439,353</u>	<u>439,353</u>	<u>386,624</u>	<u>52,729</u>
Revenues over/(under) expenditures	<u>-</u>	<u>-</u>	<u>39,909</u>	<u>39,909</u>
Other Financing Sources/(Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(34,814)</u>	<u>(34,814)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>5,095</u>	<u>5,095</u>
Fund Balances - October 1, 2019	<u>-</u>	<u>-</u>	<u>33,631</u>	<u>33,631</u>
Fund Balances - September 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,726</u>	<u>\$ 38,726</u>

See accompanying notes to financial statements.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on July 12, 2016 pursuant to Clay County, Florida Ordinance 2016-03 and amended by Clay County, Florida Ordinance 2018-40 and Chapter 190, Florida Statutes. 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 or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or outside the boundaries of the Armstrong Community Development District. The District is governed by a five-member Board of Supervisors. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Armstrong 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 in Governmental Accounting Standards Board, the District has no component units.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

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

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

a. Government-wide Financial Statements

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

Governmental activities are supported by developer contributions and interest. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. 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 another 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.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to the 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 the state 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.

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.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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 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.

Debt Service Fund – Accounts for debt service requirements to retire the special assessment revenue bonds which were used, among other things, to retire the debt of the bond anticipation notes and to finance the acquisition and construction of certain master infrastructure improvements within the District.

Capital Projects Fund – The Capital Projects Fund accounts for construction of certain infrastructure improvements within the boundaries of the District.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, 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

Chapter 280, 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.

b. Restricted Assets

Certain net position of the District will be classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

c. Capital Assets

Capital assets, which include equipment and construction in progress, are reported in governmental activities.

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 the various classes of depreciable capital assets are as follows:

Equipment	5-10 years
-----------	------------

d. Budgets

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

e. Unamortized Bond Discount

Bond discounts are presented on the government-wide financial statements. The costs are amortized over the life of the bonds. For financial reporting, the unamortized bond discount is netted against the applicable long-term debt.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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

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

“Total fund balances” of the District’s governmental funds, \$1,111,529, differs from “net position” of governmental activities, \$11,806,176, 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 (improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Construction in progress	\$ 22,216,930
Equipment	81,212
Accumulated depreciation	<u>(8,121)</u>
Total	<u>\$ 22,290,021</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the Statement of Net Position. Balances at September 30, 2020 were:

Bonds payable	\$ (11,470,000)
Leases payable	(40,119)
Bond discount	<u>116,914</u>
Total	<u>\$ (11,393,205)</u>

Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds.

Accrued interest	\$ <u>(202,169)</u>
------------------	---------------------

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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

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

The “net change in fund balances” for government funds, \$423,687, differs from the “change in net position” for governmental activities, \$1,318,325, 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 below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$	5,062,633
Depreciation		(8,121)
Total		<u><u>5,054,512</u></u>

Long-term debt transactions

Repayments of bond principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Bond principal payments	\$	3,380,844
Issuance of long-term debt		(7,500,000)
Bond discount		65,924
Total		<u><u>4,053,232</u></u>
Amortization of bond discount		<u><u>(4,124)</u></u>

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

Net change in accrued interest payable	\$	<u><u>(102,518)</u></u>
--	----	-------------------------

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

NOTE C – CASH AND INVESTMENTS

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2020, the District's bank balance was \$45,813 and the carrying value was \$43,151. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

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

Investment	Maturities	Fair Value
U S Bank Money Market Account	N/A	\$ 1,208,379

*Maturity is a weighted average maturity.

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.

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

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The formal investment policy of the District conforms with State statutory requirements and bond indentures for investment maturities as a means of managing its exposure to increasing interest rates.

Credit Risk

The District's investments in treasury funds, money markets, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. The District's investments government loans are limited by state statutory requirements and bond compliance.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in the managed money market represent 100% of the district's total investments.

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

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE D – CAPITAL ASSETS

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

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<u>Governmental Activities:</u>				
Capital Assets, Not Depreciated				
Construction in progress	\$ 17,154,297	\$ 5,062,633	\$ -	\$ 22,216,930
Capital Assets, Depreciated:				
Equipment	81,212	-	-	81,212
Less Accumulated Depreciation for:				
Equipment	-	(8,121)	-	(8,121)
Total Capital Assets Depreciated, Net	81,212	(8,121)	-	73,091
total Capital Assets, net	<u>\$ 17,235,509</u>	<u>\$ 5,054,512</u>	<u>\$ -</u>	<u>\$ 22,290,021</u>

Depreciation of \$8,121 was charged to physical environment.

NOTE E – LONG-TERM DEBT

The following is a summary of debt activity for the District for the year ended September 30, 2020:

Bonds payable at October 1, 2019	\$ 4,820,000
Issuance of long-term debt	7,500,000
Principal payments	<u>(850,000)</u>
Bonds payable at September 30, 2020	\$ 11,470,000
Less: bond discount	<u>(116,914)</u>
Bonds payable, net	<u>\$ 11,353,086</u>

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE E – LONG-TERM DEBT (CONTINUED)

Long-term debt is comprised of the following at September 30, 2020:

Special Assessment Debt

\$4,035,000 Special Assessment Revenue Bonds, Series 2017A due in annual principal installments, beginning November 1, 2017. Interest is due annually on November 1, beginning November 1, 2017 at rates between 3.625% and 5.125% with a maturity date of November 1, 2048. \$ 3,970,000

\$7,500,000 Special Assessment Revenue Bonds, Series 2019A due in annual principal installments, beginning November 1, 2020. Interest is due annually on November 1, beginning November 1, 2020 at rates between 3.125% and 4% with a final maturity date of November 1, 2050. 7,500,000

Bonds Payable at September 30, 2020 \$ 11,470,000

The annual requirements to amortize the principal and interest of long term debt as of September 30, 2020 are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 70,000	\$ 483,938	\$ 553,938
2022	210,000	479,213	689,213
2023	220,000	472,131	692,131
2024	225,000	462,381	687,381
2025	235,000	454,456	689,456
2026-2030	1,305,000	2,121,994	3,426,994
2031-2035	1,590,000	1,859,681	3,449,681
2036-2040	1,975,000	1,458,103	3,433,103
2041-2045	2,445,000	971,181	3,416,181
2046-2050	2,780,000	372,400	3,152,400
2051	<u>415,000</u>	<u>8,300</u>	<u>423,300</u>
Totals	<u>\$ 11,470,000</u>	<u>\$ 9,143,778</u>	<u>\$ 20,613,778</u>

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

NOTE E – LONG-TERM DEBT (CONTINUED)

Summary of Significant Resolution Terms and Covenants

Significant Bond Provisions

The Series 2017A Bonds may, at the option of the District, be called for redemption prior to maturity in whole or in part on any date on or after November 1, 2027. The Series 2017A Bonds are subject to mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Series 2019A Bonds may, at the option of the District, be called for redemption prior to maturity in whole or in part on any date on or after November 1, 2029. The Series 2019A Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Trust Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Funds – The Series 2017A and 2019A Reserve Accounts were funded from the proceeds of the Series 2017A and 2019A Bonds in amounts equal to the maximum annual debt service of the Series 2017A and 2019A Bonds.

The following is a schedule of required reserve balances as of September 30, 2020:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Special Assessment Bonds, Series 2017A	\$ 265,819	\$ 265,819
Special Assessment Bonds, Series 2019A	\$ 433,600	\$ 433,600

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

NOTE F – CAPITAL LEASE

The District entered into a lease agreement for fitness equipment during the year ended September 30, 2019. The total acquisition cost of the equipment was \$81,212. The District paid \$24,364 initially and recognized the remaining \$56,848 as a capital lease obligation. The term of the lease is from May 20, 2019 to May 20, 2023 and is payable in monthly installments of \$1,415.

The future minimum lease payments and net present value of minimum lease payments at September 30, 2020 were as follows:

Year Ending September 30,	Amount
2021	\$ 16,983
2022	16,983
2023	11,322
Total minimum lease payments	45,288
Less: amount representing interest	(5,169)
Present value of minimum lease payments	\$ 40,119

NOTE G – DEVELOPER ADVANCE

The Developer advanced the District a total of \$2,518,111 in order to fund the construction project deficit in the prior fiscal year. On October 31, 2019, the District repaid the Developer with proceeds from Series 2019 bonds.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no claims or settled claims during the past three years.

NOTE I – ECONOMIC DEPENDENCY

The Developer owns a significant portion of land within the District. The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations. At September 30, 2020, four of five board members are affiliated with the Developer.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE J – RELATED PARTY TRANSACTIONS

All of the voting members of the Board of Supervisors are employed by the Developer or a related entity. The District received \$250,508 in operating contributions and \$1,640,299 in capital contributions from the Developer for the year ended September 30, 2020.

NOTE K – INTERLOCAL AGREEMENTS

In July 2016, the District entered into an interlocal agreement with Clay County for funding, design, and construction of the Tyles Boulevard Extension. The County has agreed to pay the District up to \$7,000,000 on a reimbursement basis towards the project costs. Under the agreement, the District was required to provide a letter of credit covering any project construction costs, in excess of \$7,000,000. During a prior fiscal year, the District initially advanced \$600,000 to provide working capital.

In November 2017, the District entered into an interlocal agreement with Clay County Utility Authority (CCUA) relating to its utility systems. Under the agreement, CCUA agreed to reimburse the District for \$140,000 in construction costs of completing the off-site water and reclaimed water systems once accepted by CCUA.

NOTE L – SUBSEQUENT EVENT

On February 1, 2021, the District made prepayments totaling \$140,000 on the Series 2019A bond. On May 1, 2021, the District made prepayments totaling \$10,000 on the Series 2019A bond.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

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

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

To the Board of Supervisors
Armstrong Community Development District
Clay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Armstrong Community Development District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Armstrong 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 Armstrong Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Armstrong Community Development District's internal control.

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

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

Board of Supervisors
Armstrong Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Armstrong Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

July 12, 2021



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

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

MANAGEMENT LETTER

To the Board of Supervisors
Armstrong Community Development District
Clay County, Florida

Report on the Financial Statements

We have audited the financial statements of the Armstrong Community Development District as of and for the year ended September 30, 2020, and have issued our report thereon dated July 12, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

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 Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated July 12, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 Armstrong Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Armstrong Community Development District did not meet one of the conditions described in Section 218.503(1), Florida.

To the Board of Supervisors
Armstrong Community Development District

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 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

July 12, 2021



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

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

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

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

To the Board of Supervisors
Armstrong Community Development District
Clay County, Florida

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

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

*Berger Toombs Elam
Gaines & Frank*

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

July 12, 2021