

Armstrong Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2021

Armstrong Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2021

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Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

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

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
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, 2021, 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

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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, 2021, 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 8, 2022 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 Armstrong Community Development District's internal control over financial reporting and compliance.



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

July 8, 2022

**Armstrong Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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, culture/recreation, 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, 2021**

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, 2021.

- ◆ The District's total assets exceeded total liabilities by \$14,699,611, (net position). Unrestricted net position for Governmental Activities was \$119,981. Net investment in capital assets was \$14,088,277. Restricted net position was \$491,353.
- ◆ Governmental activities revenues totaled \$3,786,470 while governmental activities expenses totaled \$893,035.

**Armstrong Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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	
	2021	2020
Current assets	\$ 213,221	\$ 80,272
Restricted assets	1,331,307	1,208,379
Capital assets	24,471,007	22,290,021
Total Assets	26,015,535	23,578,672
Current liabilities	467,765	463,221
Non-current liabilities	10,848,159	11,309,275
Total Liabilities	11,315,924	11,772,496
Net position - net investment in capital assets	14,088,277	11,596,235
Net position - restricted	491,353	171,215
Net position - unrestricted	119,981	38,726
Total Net Position	\$ 14,699,611	\$ 11,806,176

The increase in current assets is mainly the result of the increase in cash and investments in the current year.

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

The decrease in non-current liabilities is related to the principal payments made in the current year.

**Armstrong Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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	
	2021	2020
Program Revenues		
Charges for services	\$ 1,382,353	\$ 452,593
Operating grants and contributions	154,137	250,508
Capital grants and contributions	2,058,889	1,640,299
General Revenues		
Investment earnings	59	2,381
Miscellaneous revenues	191,032	163,738
Total Revenues	<u>3,786,470</u>	<u>2,509,519</u>
Expenses		
General government	101,424	111,294
Physical environment	135,719	150,383
Culture/recreation	168,779	117,012
Interest and other costs	487,113	812,505
Total Expenses	<u>893,035</u>	<u>1,191,194</u>
Change in Net Position	2,893,435	1,318,325
Net Position - Beginning of Year	<u>11,806,176</u>	<u>10,487,851</u>
Net Position - End of Year	<u>\$ 14,699,611</u>	<u>\$ 11,806,176</u>

The increase in charges for services is related to the initial debt service assessment for the Series 2019A Bonds in the current year.

The increase in capital grants and contributions is related to the increase in developer contributions to cover construction costs in the current year.

The increase in culture/recreation is related to the increase in amenity landscape maintenance and security monitoring in the current year.

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

**Armstrong Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2021 and 2020.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Construction in progress	\$ 24,406,037	\$ 22,216,930
Equipment	81,212	81,212
Accumulated depreciation	<u>(16,242)</u>	<u>(8,121)</u>
Total Capital Assets (Net)	<u>\$ 24,471,007</u>	<u>\$ 22,290,021</u>

During the year, \$2,189,107 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 janitorial costs were less than anticipated.

The budget was not amended for the year ended September 30, 2021.

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, 2021 was \$3,900,000.
- ◆ 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, 2021 was \$7,260,000.

**Armstrong Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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 2022.

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, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 113,169
Assessments receivable	27,954
Due from others	38,391
Prepaid expenses	33,707
Total Current Assets	213,221
Non-Current Assets	
Restricted:	
Investments	1,331,307
Capital Assets Not Being Depreciated	
Construction in progress	24,406,037
Capital Assets Being Depreciated:	
Equipment	81,212
Less: accumulated depreciation	(16,242)
Total Non-Current Assets	25,802,314
Total Assets	26,015,535
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	19,606
Due to others	24,247
Accrued interest	198,672
Leases payable-current	15,240
Bonds payable-current	210,000
Total Current Liabilities	467,765
Non-Current Liabilities	
Bonds payable, net	10,837,210
Leases payable	10,949
Total Non-Current Liabilities	10,848,159
Total Liabilities	11,315,924
NET POSITION	
Net investment in capital assets	14,088,277
Restricted for debt service	408,137
Restricted for capital projects	83,216
Unrestricted	119,981
Total Net Position	\$ 14,699,611

See accompanying notes to financial statements.

Armstrong Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

<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	\$ (101,424)	\$ 82,837	\$ 39,299	\$ -	\$ 20,712
Physical environment	(135,719)	104,215	49,441	2,058,889	2,076,826
Culture/recreation	(168,779)	137,849	65,397	-	34,467
Interest and other costs	(487,113)	1,057,452	-	-	570,339
Total Governmental Activities	<u>\$ (893,035)</u>	<u>\$ 1,382,353</u>	<u>\$ 154,137</u>	<u>\$ 2,058,889</u>	<u>2,702,344</u>
General Revenues:					
					59
					191,032
					<u>191,091</u>
					2,893,435
					11,806,176
					<u>\$ 14,699,611</u>

See accompanying notes to financial statements.

Armstrong Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2021

ASSETS	Governmental Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
Cash	\$ 113,169	\$ -	\$ -	\$ 113,169
Assessments receivable	-	27,954	-	27,954
Due from others	16,958	-	21,433	38,391
Due from other funds	-	626	-	626
Prepaid expenses	33,707	-	-	33,707
Restricted assets:				
Investments, at fair value	-	1,268,898	62,409	1,331,307
Total Assets	\$ 163,834	\$ 1,297,478	\$ 83,842	\$ 1,545,154
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 19,606	\$ -	\$ -	\$ 19,606
Due to other funds	-	-	626	626
Due to others	24,247	-	-	24,247
Total Liabilities	43,853	-	626	44,479
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	16,958	-	-	16,958
FUND BALANCES				
Nonspendable - prepaid expenses	33,707	-	-	33,707
Restricted for debt service	-	1,297,478	-	1,297,478
Restricted for capital projects	-	-	83,216	83,216
Unassigned	69,316	-	-	69,316
Total Fund Balances	103,023	1,297,478	83,216	1,483,717
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 163,834	\$ 1,297,478	\$ 83,842	\$ 1,545,154

See accompanying notes to financial statements.

Armstrong Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021

Total Governmental Fund Balances	\$ 1,483,717
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress, \$24,406,037, equipment, \$81,212, net of accumulated depreciation, \$(16,242), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	24,471,007
Long-term liabilities, including bonds payable, \$(11,160,000), net of bond discounts, \$112,790, and leases payables, \$(26,189), are not due and payable in the current period, and therefore, are not reported at the fund level.	(11,073,399)
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the fund level.	(198,672)
At the fund level, revenues are recognized when they become available, however, revenues are recognized when they are earned at the government-wide level. This is the amount of the change in earned revenue that was not available.	<u>16,958</u>
Net Position of Governmental Activities	<u><u>\$ 14,699,611</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, 2021

	Governmental Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
Revenues				
Special assessments	\$ 324,901	\$ 1,057,452	\$ -	\$ 1,382,353
Developer contributions	154,137	-	2,058,889	2,213,026
Miscellaneous revenues	43	-	174,031	174,074
Investment earnings	-	56	3	59
Total Revenues	<u>479,081</u>	<u>1,057,508</u>	<u>2,232,923</u>	<u>3,769,512</u>
Expenditures				
Current				
General government	101,424	-	-	101,424
Physical environment	127,598	-	-	127,598
Culture/recreation	168,779	-	-	168,779
Capital outlay	-	-	2,189,107	2,189,107
Debt service				
Principal	13,930	310,000	-	323,930
Interest	3,053	483,433	-	486,486
Total Expenditures	<u>414,784</u>	<u>793,433</u>	<u>2,189,107</u>	<u>3,397,324</u>
Revenues over/(under) expenditures	64,297	264,075	43,816	372,188
Other Financing Sources/(Uses)				
Transfers in	-	-	14	14
Transfers out	-	(14)	-	(14)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(14)</u>	<u>14</u>	<u>-</u>
Net change in fund balances	64,297	264,061	43,830	372,188
Fund Balances - October 1, 2020	<u>38,726</u>	<u>1,033,417</u>	<u>39,386</u>	<u>1,111,529</u>
Fund Balances - September 30, 2021	<u>\$ 103,023</u>	<u>\$ 1,297,478</u>	<u>\$ 83,216</u>	<u>\$ 1,483,717</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 372,188
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, \$2,189,107, in the current year.	2,180,986
Repayments of principal are expenditures at the governmental fund level and reduce long-term liabilities at the government-wide level.	323,930
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.	3,497
At the fund level, revenues are recognized when they become available, however, revenues are recognized when they are earned at the government-wide level. This is the amount of the change in earned revenue that was not available.	<u>16,958</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,893,435</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 323,840	\$ 323,840	\$ 324,901	\$ 1,061
Developer contributions	154,137	154,137	154,137	-
Miscellaneous revenues	36,000	36,000	43	(35,957)
Total Revenues	<u>513,977</u>	<u>513,977</u>	<u>479,081</u>	<u>(34,896)</u>
Expenditures				
Current				
General government	123,511	123,511	101,424	22,087
Physical environment	171,977	171,977	127,598	44,379
Culture/recreation	218,489	218,489	168,779	49,710
Debt service				
Principal	-	-	13,930	(13,930)
Interest	-	-	3,053	(3,053)
Total Expenditures	<u>513,977</u>	<u>513,977</u>	<u>414,784</u>	<u>99,193</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>64,297</u>	<u>64,297</u>
Fund Balances - October 1, 2020	<u>-</u>	<u>-</u>	<u>38,726</u>	<u>38,726</u>
Fund Balances - September 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,023</u>	<u>\$ 103,023</u>

See accompanying notes to financial statements.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

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

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

a. Government-wide Financial Statements

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

Governmental activities are supported by special assessments, 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, 2021

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, 2021

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, 2021

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, Deferred Inflows of Resources, 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, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources 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
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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.

f. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in this category. Unavailable revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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, \$1,483,717, differs from “net position” of governmental activities, \$14,699,611, 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	\$	24,406,037
Equipment		81,212
Accumulated depreciation		<u>(16,242)</u>
Total		<u>\$ 24,471,007</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, 2021 were:

Bonds payable	\$	(11,160,000)
Leases payable		(26,189)
Bond discount, net		<u>112,790</u>
Total		<u>\$ (11,073,399)</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>(198,672)</u>
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Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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

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

Deferred inflows of resources

Governmental funds financial statements report revenues which are measurable but not available as deferred inflows of resources. However, unavailable revenues in governmental funds are susceptible to full accrual on government-wide financial statements.

Unavailable revenues	\$ <u>16,958</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$372,188, differs from the “change in net position” for governmental activities, \$2,893,435, 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	\$ 2,189,107
Depreciation	<u>(8,121)</u>
Total	<u>\$ 2,180,986</u>

Deferred inflows of resources

Deferred inflows of resources reported at the fund level are recognized as revenues in the Statement of Activities.

Net change in deferred inflows of resources	\$ <u>16,958</u>
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**Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

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 (Continued)

Long-term debt transactions

Repayments of 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.

Principal payments	\$ <u>323,930</u>
Amortization of bond discount	\$ <u>(4,124)</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>3,497</u>
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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, 2021, the District's bank balance was \$115,193 and the carrying value was \$113,169. 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, 2021, the District had the following investments and maturities:

Investment	Maturities	Fair Value
U S Bank Money Market Account	N/A	\$ <u>1,331,307</u>

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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.

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, 2021 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, 2021

NOTE D – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
<u>Governmental Activities:</u>				
Capital Assets, Not Depreciated				
Construction in progress	\$ 22,216,930	\$ 2,189,107	\$ -	\$ 24,406,037
Capital Assets, Depreciated:				
Equipment	81,212	-	-	81,212
Less Accumulated Depreciation for:				
Equipment	(8,121)	(8,121)	-	(16,242)
Total Capital Assets Depreciated, Net	73,091	(8,121)	-	64,970
Total Capital Assets, net	<u>\$ 22,290,021</u>	<u>\$ 2,180,986</u>	<u>\$ -</u>	<u>\$ 24,471,007</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, 2021:

Bonds payable at October 1, 2020	\$ 11,470,000
Principal payments	<u>(310,000)</u>
Bonds payable at September 30, 2021	\$ 11,160,000
Less: bond discount	<u>(112,790)</u>
Bonds payable, net	<u>\$ 11,047,210</u>

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE E – LONG-TERM DEBT (CONTINUED)

Long-term debt is comprised of the following at September 30, 2021:

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. \$ 3,900,000

\$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. 7,260,000

Bonds Payable at September 30, 2021 \$ 11,160,000

The annual requirements to amortize the principal and interest of long term debt as of September 30, 2021 are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 210,000	\$ 471,625	\$ 681,625
2023	215,000	462,891	677,891
2024	220,000	453,375	673,375
2025	230,000	445,606	675,606
2026	235,000	439,294	674,294
2027-2031	1,330,000	2,042,381	3,372,381
2032-2036	1,630,000	1,741,100	3,371,100
2037-2041	2,015,000	1,340,922	3,355,922
2042-2046	2,505,000	842,266	3,347,266
2047-2051	<u>2,570,000</u>	<u>247,346</u>	<u>2,817,346</u>
Totals	<u>\$ 11,160,000</u>	<u>\$ 8,486,806</u>	<u>\$ 19,646,806</u>

**Armstrong Community Development District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2021**

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, 2021:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Special Assessment Bonds, Series 2017A	\$ 265,819	\$ 265,819
Special Assessment Bonds, Series 2019A	\$ 424,850	\$ 420,200

**Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

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, 2021 were as follows:

Year Ending September 30,	Amount
2022	\$ 16,983
2023	11,322
Total minimum lease payments	28,305
Less: amount representing interest	(2,116)
Present value of minimum lease payments	\$ 26,189

NOTE G – COST SHARE AGREEMENT

In August 2020, the District entered into cost share agreement with Armstrong Owners' Association, Incorporated ("the Association") for landscape and irrigation maintenance services of certain lands in which both parties agreed is a shared benefit between the District and the Association. The Association has agreed to pay monthly to the District \$1,100 plus reimbursements to the District for actual costs incurred. At September 30, 2021, the District had \$16,958 receivable in relation to this agreement.

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 from these risks that have exceeded commercial coverage 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, 2021, four of five board members are affiliated with the Developer.

Armstrong Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE J – RELATED PARTY TRANSACTIONS

The majority of the voting members of the Board of Supervisors are employed by the Developer or a related entity. The District received \$154,137 in operating contributions and \$2,058,889 in capital contributions from the Developer for the year ended September 30, 2021.

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 November 1, 2021 the District made prepayments totaling \$130,000 on the Series 2019A Bond. On February 1, 2022 the District made prepayments totaling \$10,000 on the Series 2019A Bond. On May 1, 2022 the District made prepayments totaling \$5,000 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2022.

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 8, 2022



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, 2021, and have issued our report thereon dated July 8, 2022.

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 8, 2022, 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.

Specific Information

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

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

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 4
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 16
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$3,509
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$452,462
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2020, together with the total expenditures for such project: The District had no construction projects.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was not amended.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Armstrong Community Development District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: The General Fund, \$256.00 – 851.04, the Debt Service Fund, \$1,122.85 – 1,667.76.
- 8) The amount of special assessments collected by or on behalf of the District: Total Special Assessments collected was \$1,382,353.
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2017A Bonds, \$3,900,000, maturing November 2048 and Series 2019A Bonds, \$7,260,000, maturing November 2050.

To the Board of Supervisors
Armstrong Community Development District

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 8, 2022



**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, 2021. 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, 2021.

*Berger Toombs Elam
Gaines & Frank*

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

July 8, 2022