

**THE CROSSINGS AT FLEMING ISLAND
COMMUNITY DEVELOPMENT DISTRICT**

FINANCIAL REPORT

Year Ended September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
The Crossings at Fleming Island Community Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of *The Crossings at Fleming Island Community Development District* (the "District"), as of and for the year ended September 30, 2021, and the related notes to the 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

The District's 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 Auditing 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 of 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 principles 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance 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's discussion and analysis starting on page 3, 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 June 30, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
June 30, 2022

Our discussion and analysis of *The Crossings at Fleming Island Community Development District* (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2021. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Financial Highlights

- The liabilities of the District exceeded its assets and deferred outflows at September 30, 2021 by \$12,562,447, an increase in net position of \$3,787,970 in comparison with the prior year.
- At September 30, 2021, the District's governmental funds reported a combined fund balance of \$7,055,182, an increase of \$391,051 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to *The Crossings at Fleming Island Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general (administration, finance, and community services), physical environment (maintenance and operations) and culture and recreation. The business-type activities of the District include the Utility (water and sewer) and Golf Course operation.

Fund Financial Statements

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

Governmental Funds

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

The Crossings at Fleming Island Community Development District
Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds

The District maintains one type of proprietary fund: enterprise. The District maintains two enterprise funds. An enterprise fund is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for the operations of the water and sewer utility services and golf services within the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the utility and golf funds, which are considered major funds.

Notes to Financial Statements

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

Government-Wide Financial Analysis

Statement of Net Position

The District's net position was \$(12,562,447) at September 30, 2021. The following analysis focuses on the net position of the District's governmental activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 7,500,460	\$ 7,111,050	\$ 5,770,555	\$ 5,376,352	\$ 13,271,015	\$ 12,487,402
Capital assets, net	10,356,501	10,173,139	13,155,979	13,728,152	23,512,480	23,901,291
Total assets	17,856,961	17,284,189	18,926,534	19,104,504	36,783,495	36,388,693
Deferred Outflows	852,177	889,797	1,295,892	1,380,868	2,148,069	2,270,665
Liabilities						
Current liabilities	936,044	968,461	6,710,397	6,234,533	7,646,441	7,202,994
Long-term liabilities	21,502,196	24,214,115	22,345,374	23,592,666	43,847,570	47,806,781
Total liabilities	22,438,240	25,182,576	29,055,771	29,827,199	51,494,011	55,009,775
Net Position						
Net investment in capital assets	(10,293,518)	(13,151,179)	(10,703,503)	(10,923,646)	(20,997,021)	(24,074,825)
Restricted	2,164,980	2,154,147	1,483,298	1,025,439	3,648,278	3,179,586
Unrestricted	4,399,436	3,988,442	386,860	556,380	4,786,296	4,544,822
Total net position	\$ (3,729,102)	\$ (7,008,590)	\$ (8,833,345)	\$ (9,341,827)	\$ (12,562,447)	\$ (16,350,417)

The Crossings at Fleming Island Community Development District
Management's Discussion and Analysis

Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2021 and 2020.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 8,215,917	\$ 7,173,525	\$ 9,490,111	\$ 9,234,362	\$ 17,706,028	\$ 16,407,887
Operating grants and Contributions	856	32,202	-	-	856	32,202
General revenues:						
Investment earnings	6,072	53,027	3,335	31,904	9,407	84,931
Other	5,360	-	-	-	5,360	-
Total revenues	8,228,205	7,258,754	9,493,446	9,266,266	17,721,651	16,525,020
Expenses						
Governmental activities:						
General government	249,851	253,074	-	-	249,851	253,074
Physical environment	1,791,690	1,666,054	-	-	1,791,690	1,666,054
Recreation	1,679,559	1,421,503	-	-	1,679,559	1,421,503
Interest	1,227,617	1,309,696	-	-	1,227,617	1,309,696
Business - type activities:						
Water and sewer	-	-	5,474,916	5,484,846	5,474,916	5,484,846
Golf and restaurant	-	-	3,510,048	3,247,006	3,510,048	3,247,006
Total expenses	4,948,717	4,650,327	8,984,964	8,731,852	13,933,681	13,382,179
Increase (Decrease) in Net Position Before Transfers	3,279,488	2,608,427	508,482	534,414	3,787,970	3,142,841
Transfers	-	(10,580)	-	10,580	-	-
Increase (Decrease) in Net Position	3,279,488	2,597,847	508,482	544,994	3,787,970	3,142,841
Net position, beginning	(7,008,590)	(9,606,437)	(9,341,827)	(9,886,821)	(16,350,417)	(19,493,258)
Net position, end	\$ (3,729,102)	\$ (7,008,590)	\$ (8,833,345)	\$ (9,341,827)	\$ (12,562,447)	\$ (16,350,417)

Governmental Activities

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2021 was \$4,948,717. The majority of these costs are comprised of physical environment and recreation expenditures.

Business-Type Activities

The cost of the business-type activities was \$8,984,964, a 2.9% increase from the prior year. The costs of those activities were paid for by charges for services, which accounted for 99% of total business-type revenues. Charges for services increased \$255,749 or 2.8% from the prior year.

Financial Analysis of the Government's Funds

Governmental Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2021, the District's governmental funds reported combined ending fund balances of \$7,055,182. Of this total, \$293,120 is nonspendable, \$2,655,746 is restricted, \$51,436 is assigned and \$4,054,880 is unassigned.

The fund balance of the general fund increased \$416,887, primarily due to assessments and charges for services in excess of expenditures. The debt service fund balance decreased \$19,943 due to an increase in debt service payments more than the increase in assessment revenue. The capital projects fund balance decreased \$5,893 due to a transfer out to the debt service fund.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water and Sewer Fund reported operating income of \$1,632,219, which is a decrease of \$43,508 from the previous year. Of the total net position in the amount of \$(6,663,484), \$1,483,298 is restricted for renewal, replacement, and debt service.

The Golf Course Fund reported an operating loss of \$96,154, which is an increase of \$575 from the previous year operating loss.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the September 30, 2021 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2021, the District had \$23,512,480 invested in capital assets. More detailed information about the District's capital assets is presented in the notes to the financial statements.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 2,298,612	\$ 2,298,612	\$ 3,599,131	\$ 3,599,131	\$ 5,897,743	\$ 5,897,743
Improvements and equipment	11,918,887	11,393,565	107,569	107,569	12,026,456	11,501,134
Water and sewer facilities	-	-	20,096,198	20,096,198	20,096,198	20,096,198
Golf course and improvements	-	-	3,206,918	3,206,918	3,206,918	3,206,918
Accumulated depreciation	(3,860,998)	(3,519,038)	(13,853,837)	(13,281,664)	(17,714,835)	(16,800,702)
Total	<u>\$10,356,501</u>	<u>\$10,173,139</u>	<u>\$ 13,155,979</u>	<u>\$13,728,152</u>	<u>\$ 23,512,480</u>	<u>\$ 23,901,291</u>

Capital Debt

At September 30, 2021, the District had \$47,150,000 in bonds outstanding, including matured bonds payable of \$2,810,000. More detailed information about the District's capital debt is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

It is difficult to predict what significant effect the current economic condition and the matured bonds payable will have on the financial position or results of operations of the District in fiscal year 2022.

Requests for Information

If you have questions about this report or need additional financial information, contact *The Crossings at Fleming Island Community Development District's* Finance Department at 5385 N. Nob Hill Road, Sunrise, Florida 33351.

FINANCIAL STATEMENTS

The Crossings at Fleming Island Community Development District
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 555,312	\$ 433,669	\$ 988,981
Investments	3,916,297	2,980,081	6,896,378
Internal balances	99,398	(99,398)	-
Accounts receivable	66,387	290,772	357,159
Inventories	37,868	103,221	141,089
Prepaid costs	133,307	-	133,307
Deposits	36,145	67,412	103,557
Restricted Assets:			
Temporarily restricted investments	2,655,746	1,994,798	4,650,544
Capital Assets:			
Capital assets not being depreciated	2,298,612	3,599,131	5,897,743
Capital assets being depreciated, net	8,057,889	9,556,848	17,614,737
Total assets	17,856,961	18,926,534	36,783,495
Deferred Outflows of Resources:			
Deferred amount on refunding	852,177	1,295,892	2,148,069
Total Assets and Deferred Outflows of Resources	18,709,138	20,222,426	38,931,564
Liabilities			
Accounts payable and accrued expenses	218,190	629,831	848,021
Accrued interest payable	490,766	475,634	966,400
Matured bonds payable	-	2,810,000	2,810,000
Matured interest payable	-	2,469,358	2,469,358
Unearned revenue	212,965	48,089	261,054
Customer deposits	14,123	277,485	291,608
Noncurrent liabilities:			
Due within one year	1,720,000	1,295,000	3,015,000
Due in more than one year	19,782,196	21,050,374	40,832,570
Total liabilities	22,438,240	29,055,771	51,494,011
Net Position			
Net investment in capital assets	(10,293,518)	(10,703,503)	(20,997,021)
Restricted for debt service	2,164,980	1,194,873	3,359,853
Restricted for renewal and replacement	-	288,425	288,425
Unrestricted	4,399,436	386,860	4,786,296
Total net position	\$ (3,729,102)	\$ (8,833,345)	\$ (12,562,447)

The Crossings at Fleming Island Community Development District
Statement of Activities
Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental Activities:						
General government	\$ 249,851	\$ 257,384	\$ -	\$ 7,533	\$ -	\$ 7,533
Physical environment	1,791,690	1,791,356	-	(334)	-	(334)
Recreation	1,679,559	2,223,557	-	543,998	-	543,998
Interest on long-term debt	1,227,617	3,943,620	856	2,716,859	-	2,716,859
Total governmental activities	4,948,717	8,215,917	856	3,268,056	-	3,268,056
Business-type Activities:						
Water and sewer	5,474,916	6,179,012	-	-	704,096	704,096
Golf and restaurant	3,510,048	3,311,099	-	-	(198,949)	(198,949)
Total business-type activities	8,984,964	9,490,111	-	-	505,147	505,147
Total primary government	\$ 13,933,681	\$ 17,706,028	\$ 856	3,268,056	505,147	3,773,203
General Revenues:						
Investment and other income				11,432	3,335	14,767
Total general revenues and transfers				11,432	3,335	14,767
Change in net position				3,279,488	508,482	3,787,970
Net position, beginning				(7,008,590)	(9,341,827)	(16,350,417)
Net position, ending				\$ (3,729,102)	\$ (8,833,345)	\$ (12,562,447)

The Crossings at Fleming Island Community Development District
Balance Sheet - Governmental Funds
September 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 555,312	\$ -	\$ -	\$ 555,312
Investments	3,916,297	2,655,746	-	6,572,043
Accounts receivable	66,387	-	-	66,387
Inventory	37,868	-	-	37,868
Prepaid costs	133,307	-	-	133,307
Due from other funds	13,598	-	-	13,598
Advance to other fund	85,800	-	-	85,800
Deposits	36,145	-	-	36,145
Total assets	\$ 4,844,714	\$ 2,655,746	\$ -	\$ 7,500,460
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenses	\$ 218,190	\$ -	\$ -	\$ 218,190
Unearned revenue	212,965	-	-	212,965
Deposits	14,123	-	-	14,123
Due to other funds	-	-	-	-
Total liabilities	445,278	-	-	445,278
Fund Balances:				
Nonspendable	293,120	-	-	293,120
Restricted for debt service	-	2,655,746	-	2,655,746
Restricted for capital projects	-	-	-	-
Assigned for subsequent years' expenditures	51,436	-	-	51,436
Unassigned	4,054,880	-	-	4,054,880
Total fund balances	4,399,436	2,655,746	-	7,055,182
Total liabilities and fund balances	\$ 4,844,714	\$ 2,655,746	\$ -	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,356,501
Deferred amounts on refunding are not financial resources and therefore are not reported in the funds.	852,177
Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.	
Accrued interest payable	(490,766)
Bonds payable	(21,502,196)
Net position of governmental activities	\$ (3,729,102)

The Crossings at Fleming Island Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Special assessments	\$ 3,720,406	\$ 3,943,620	\$ -	\$ 7,664,026
Charges for services	551,891	-	-	551,891
Investment and other income	11,432	855	1	12,288
Total revenues	<u>4,283,729</u>	<u>3,944,475</u>	<u>1</u>	<u>8,228,205</u>
Expenditures				
Current				
General government	212,231	-	-	212,231
Physical environment	1,449,730	-	-	1,449,730
Recreation	1,679,559	-	-	1,679,559
Debt Service:				
Interest	-	1,245,312	-	1,245,312
Principal	-	2,725,000	-	2,725,000
Capital outlay	525,322	-	-	525,322
Total expenditures	<u>3,866,842</u>	<u>3,970,312</u>	<u>-</u>	<u>7,837,154</u>
Excess (Deficit) of Revenues Over Expenditures	<u>416,887</u>	<u>(25,837)</u>	<u>1</u>	<u>391,051</u>
Other Financing Sources (Uses):				
Transfer in	-	5,894	-	5,894
Transfer out	-	-	(5,894)	(5,894)
Total other financing sources (uses)	<u>-</u>	<u>5,894</u>	<u>(5,894)</u>	<u>-</u>
Net change in fund balances	416,887	(19,943)	(5,893)	391,051
Fund balances, beginning of year	<u>3,982,549</u>	<u>2,675,689</u>	<u>5,893</u>	<u>6,664,131</u>
Fund balances, end of year	<u>\$ 4,399,436</u>	<u>\$ 2,655,746</u>	<u>\$ -</u>	<u>\$ 7,055,182</u>

The Crossings at Fleming Island Community Development District
**Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities.**
 Year Ended September 30, 2021

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		\$ 391,051
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets.		525,322
Depreciation on capital assets is not recognized in the governmental fund statement; however, it is reported as an expense in the statement of activities.		(341,960)
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.		2,725,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest	30,776	
Amortization of bond discount	(13,081)	
Amortization of deferred amount on refunding	(37,620)	(19,925)
Change in net position of governmental activities		\$ 3,279,488

The Crossings at Fleming Island Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 3,695,680	\$ 3,695,680	\$ 3,720,406	\$ 24,726
Charges for services	426,800	426,800	551,891	125,091
Investment and other income	59,200	59,200	11,432	(47,768)
Total revenues	4,181,680	4,181,680	4,283,729	102,049
Expenditures				
Current				
General government	254,700	254,700	212,231	42,469
Physical environment	1,372,956	1,372,956	1,449,730	(76,774)
Recreation	1,625,250	1,625,250	1,679,559	(54,309)
Capital outlay	768,774	768,774	525,322	243,452
Total expenditures	4,021,680	4,021,680	3,866,842	154,838
Excess (Deficit) of Revenues Over Expenditures	160,000	160,000	416,887	256,887
Other Financing Sources (Uses):				
Transfers out	(160,000)	(160,000)	-	160,000
Total other financing sources (uses)	(160,000)	(160,000)	-	160,000
Net change in fund balance	-	-	416,887	416,887
Fund balance, beginning	3,982,549	3,982,549	3,982,549	-
Fund balance, ending	\$ 3,982,549	\$ 3,982,549	\$ 4,399,436	\$ 416,887

The Crossings at Fleming Island Community Development District
Statement of Net Position - Proprietary Funds
September 30, 2021

	Enterprise Funds		
	Water and Sewer	Golf Course	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 256,917	\$ 176,752	\$ 433,669
Investments	4,880,865	94,014	4,974,879
Accounts receivable, net	274,621	16,151	290,772
Inventories	-	103,221	103,221
Prepaid expenses and deposits	44,690	22,722	67,412
Total current assets	5,457,093	412,860	5,869,953
Noncurrent Assets:			
Capital Assets:			
Land and improvements	19,807,526	3,598,831	23,406,357
Equipment and furniture	288,972	3,314,487	3,603,459
Less accumulated depreciation	(11,861,261)	(1,992,576)	(13,853,837)
Total noncurrent assets	8,235,237	4,920,742	13,155,979
Total assets	13,692,330	5,333,602	19,025,932
Deferred Outflows of Resources			
Deferred amount on refunding	1,295,892	-	1,295,892
Total Assets and Deferred Outflow of Resources	14,988,222	5,333,602	20,321,824
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	341,128	288,703	629,831
Accrued interest payable	417,719	57,915	475,634
Due to other funds	-	13,598	13,598
Customer deposits	277,485	-	277,485
Unearned revenue	-	48,089	48,089
Matured interest payable	-	2,469,358	2,469,358
Matured bonds payable	-	2,810,000	2,810,000
Bonds, notes and loans payable	905,000	390,000	1,295,000
Total current liabilities	1,941,332	6,077,663	8,018,995
Noncurrent Liabilities:			
Advance from other funds	-	85,800	85,800
Bonds, notes and loans payable	19,710,374	1,340,000	21,050,374
Total noncurrent liabilities	19,710,374	1,425,800	21,136,174
Total liabilities	21,651,706	7,503,463	29,155,169
Net Position			
Net investment in capital assets	(11,084,245)	380,742	(10,703,503)
Restricted for debt service	1,194,873	-	1,194,873
Restricted for other purposes	288,425	-	288,425
Unrestricted	2,937,463	(2,550,603)	386,860
Total net position	\$ (6,663,484)	\$ (2,169,861)	\$ (8,833,345)

The Crossings at Fleming Island Community Development District
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended September 30, 2021

	Enterprise Funds		
	Water and Sewer	Golf Course	Total
Revenues			
Charges for services	\$ 6,179,012	\$ 3,311,099	\$ 9,490,111
Total operating revenues	<u>6,179,012</u>	<u>3,311,099</u>	<u>9,490,111</u>
Operating Expenses			
Water and sewer	4,051,612	-	4,051,612
Golf and restaurant	-	3,330,261	3,330,261
Depreciation	495,181	76,992	572,173
Total Operating Expenses	<u>4,546,793</u>	<u>3,407,253</u>	<u>7,954,046</u>
Operating income (loss)	<u>1,632,219</u>	<u>(96,154)</u>	<u>1,536,065</u>
Nonoperating Revenues (Expenses)			
Interest and investment revenue	3,328	7	3,335
Interest expense	(928,123)	(102,795)	(1,030,918)
Total nonoperating revenue (expenses)	<u>(924,795)</u>	<u>(102,788)</u>	<u>(1,027,583)</u>
Income (loss) before transfers	<u>707,424</u>	<u>(198,942)</u>	<u>508,482</u>
Change in net position	707,424	(198,942)	508,482
Total net position, beginning	<u>(7,370,908)</u>	<u>(1,970,919)</u>	<u>(9,341,827)</u>
Total net position, ending	<u>\$ (6,663,484)</u>	<u>\$ (2,169,861)</u>	<u>\$ (8,833,345)</u>

The Crossings at Fleming Island Community Development District
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2021

	Water and Sewer	Golf Course	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 5,993,836	\$ 3,332,884	\$ 9,326,720
Payments to suppliers of goods and services	(4,068,373)	(3,343,984)	(7,412,357)
Net cash provided (used) by operating activities	1,925,463	(11,100)	1,914,363
Cash Flows from Non-Capital Financing Activities			
Transfers (to)/from other funds	-	-	-
Net cash provided (used) by non-capital financing activities	-	-	-
Cash Flows from Capital and Related Financing Activities			
Principal paid on debt	(885,000)	-	(885,000)
Interest paid on debt	(846,014)	-	(846,014)
Net cash used by capital and related financing activities	(1,731,014)	-	(1,731,014)
Cash Flows from Investing Activities			
Interest earnings	3,328	7	3,335
Sale (purchase) of investments	(535,123)	787	(534,336)
Net cash provided (used) by investing activities	(531,795)	794	(531,001)
Net increase (decrease) in cash and cash equivalents	(337,346)	(10,306)	(347,652)
Cash and cash equivalents, beginning	594,263	187,058	781,321
Cash and cash equivalents, ending	\$ 256,917	\$ 176,752	\$ 433,669
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	\$ 1,632,219	\$ (96,154)	\$ 1,536,065
Adjustments Not Affecting Cash			
Depreciation and amortization	495,181	76,992	572,173
Change in Assets and Liabilities			
(Increase) decrease in accounts receivable	(192,773)	25,622	(167,151)
(Increase) decrease in prepaids / inventory	(44,690)	4,322	(40,368)
Increase (decrease) in accounts payable	27,929	(18,045)	9,884
Increase (decrease) in customer deposits	7,597	-	7,597
Increase (decrease) in unearned revenue	-	(3,837)	(3,837)
Total adjustments	293,244	85,054	378,298
Net cash provided (used) by operating activities	\$ 1,925,463	\$ (11,100)	\$ 1,914,363

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Crossings at Fleming Island Community Development District, (the "District") was established in November 1989 by the Florida Land and Water Adjudicatory Commission Chapter 42H-1 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and collect non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the "Board"), which is composed of five members. At present, the Supervisors are elected on an at large basis by qualified electors of the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for, among other things:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 14, 39, and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants, contributions and investment income that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. The major governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

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

The District reports the following major governmental funds:

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 the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund - accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

The District reports the following major proprietary funds:

Water and Sewer Fund - This enterprise fund is used to account for the operations of the water and sewer utility services within the District. The costs of providing services to the residents are recovered primarily through user charges.

Golf Course Fund - This enterprise fund is used to account for the operations of the golf course, pro shop and restaurant within the District. The costs of providing services to the residents and public are recovered primarily through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Restricted Assets

These assets represent cash and investments set aside pursuant to bond covenants.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

Inventories

Inventories are valued at cost which approximates market value using the first-in, first-out (FIFO) method.

Prepaid Items

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

Receivables and Payables

During the course of operations, transactions occur between individual funds. Any residual balances outstanding between governmental activities and business-type activities for internal borrowing are reported in the government-wide statements as "internal balances".

Accounts receivable and assessments receivable are shown net of an allowance for uncollectible amounts. These receivables will be recognized as revenue as they are collected.

Capital Assets

Capital assets, which include property, golf course, recreation facilities, water and sewer improvements, equipment and infrastructure assets (e.g., utilities system, stormwater system, landscaping and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10-20
Buildings	30
Stormwater system	30
Improvements other than buildings	40
Roadways and other	30
Equipment	5-10

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long Term Obligations

In the government-wide and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2021.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

Other Disclosures

Use of Estimates

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

New Accounting Standards

In fiscal year 2021, the District has not implemented any new accounting standards with a material effect on the District's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

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

1. Each year the District Manager submits to the District Board proposed budgets for the fiscal year commencing the following October 1.
2. A public hearing is conducted to obtain public comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. Subject to certain limited exceptions set forth in the District's appropriation resolutions adopted each year, all budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Restricted cash

Included in cash and investments for the water and sewer fund is restricted cash of \$565,910 for customer deposits and renewal and replacement reserves.

Investments

The District categorizes its fair value measurements within the fair value hierarchy 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.

Under GASB 72, assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The District has the following recurring fair value measurements as of September 30, 2021:

- Money market mutual funds of \$5,170,611 are valued using Level 2 inputs.

The District's investment policy is governed by State Statutes and the District Trust Indenture. This policy allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. The State Board of Administration Local Government Investment Pool (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing savings accounts and certificates of deposit in state-certified qualified public depositories;
4. Direct obligations of the U.S. Treasury.

The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the State of Florida does provide oversight. The Board has adopted operating procedures consistent with the requirements for a 2a-7-like fund for the Florida Prime Fund; therefore, the pool net asset value per share can be used as fair value for financial reporting.

Investments made by the District at September 30, 2021 are summarized below. In accordance with GASB 31, investments are reported at fair value.

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity
First American Government Obligation Fund-Class Y	\$ 3,128,589	AAAm	14 days
First American Government Obligation Fund-Class Z	2,042,022	AAAm	14 days
US Bank Money Market	93,779	n/a	n/a
Local Government Investment Pool:			
Florida Prime	6,282,532	AAAm	49 days
	<u>\$ 11,546,922</u>		

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

The District's investment policy limits credit risk by restricting authorized investments to those described. Investments in U.S. Government securities and agencies must be backed by the full faith and credit of the United States Government. Short term bond funds shall be rated by a nationally recognized ratings agency and shall maintain the highest credit quality rating.

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2021, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2021, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

The District's investment policy does not specify limits on the amount the District may invest in any one issuer.

Interest Rate Risk

The District's investment policy does not specifically address interest rate risk; however, the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

NOTE 4 INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	<u>\$ 13,598</u>
Advances:		
General	Golf Course	<u>\$ 85,800</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Balances between funds are for services paid by the General Fund to be reimbursed. In August 2009, the General Fund loaned the Golf Fund \$85,800 to cover the Golf Fund debt service payment. The advance is to be repaid in 30 annual installments of \$2,860. During the fiscal year ended September 30, 2021, no payments were made to the General Fund.

During the year ended September 30, 2021, the capital projects transferred \$5,894 to the debt service fund.

NOTE 5 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,298,612	\$ -	\$ -	\$ 2,298,612
Total capital assets, not being depreciated	<u>2,298,612</u>	<u>-</u>	<u>-</u>	<u>2,298,612</u>
Capital Assets Being Depreciated:				
Improvements and equipment	11,393,565	525,322	-	11,918,887
Total capital assets, being depreciated	<u>11,393,565</u>	<u>525,322</u>	<u>-</u>	<u>11,918,887</u>
Less Accumulated Depreciation for:				
Improvements and equipment	(3,519,038)	(341,960)	-	(3,860,998)
Total accumulated depreciation	<u>(3,519,038)</u>	<u>(341,960)</u>	<u>-</u>	<u>(3,860,998)</u>
Total capital assets being depreciated, net	<u>7,874,527</u>	<u>183,362</u>	<u>-</u>	<u>8,057,889</u>
Governmental activities capital assets, net	<u>\$ 10,173,139</u>	<u>\$ 183,362</u>	<u>\$ -</u>	<u>\$ 10,356,501</u>

Depreciation expense is charged to physical environment.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 3,599,131	\$ -	\$ -	\$ 3,599,131
Total capital assets, not being depreciated	<u>3,599,131</u>	<u>-</u>	<u>-</u>	<u>3,599,131</u>
Capital Assets Being Depreciated:				
Water and sewer facilities	20,096,198	-	-	20,096,198
Golf course and improvements	3,206,918	-	-	3,206,918
Improvements and equipment	107,569	-	-	107,569
Total capital assets, being depreciated	<u>23,410,685</u>	<u>-</u>	<u>-</u>	<u>23,410,685</u>
Less accumulated depreciation for:				
Water and sewer facilities	(11,366,080)	(495,181)	-	(11,861,261)
Golf course and improvements	(1,808,015)	(76,992)	-	(1,885,007)
Improvements and equipment	(107,569)	-	-	(107,569)
Total accumulated depreciation	<u>(13,281,664)</u>	<u>(572,173)</u>	<u>-</u>	<u>(13,853,837)</u>
Total capital assets being depreciated, net	<u>10,129,021</u>	<u>(572,173)</u>	<u>-</u>	<u>9,556,848</u>
Business-type activities capital assets, net	<u>\$ 13,728,152</u>	<u>\$ (572,173)</u>	<u>\$ -</u>	<u>\$ 13,155,979</u>

Depreciation of \$495,181 is charged to the water and sewer fund and \$76,992 is charged to the golf fund.

NOTE 6 LONG-TERM LIABILITIES

Special Assessment Revenue Refunding Bonds, Series 2014 - Public Offering

In August 2014, the District issued \$37,005,000 of Special Assessment Revenue Refunding Bonds, Series 2014 due on November 1, 2044 with a variable interest rate. The Bonds were issued to refund the Special Assessment Refunding Bonds, Series 2000 and to finance the acquisition and construction of certain improvements for the benefit of the property within the District. Interest is paid semiannually on each May 1 and November 1. Principal is payable annually commencing May 1, 2014 through May 1, 2044.

The Series 2014 Bonds are subject to redemption at the option of the District, in whole or in part at a redemption price set forth in the Bond Indenture. The Series 2014 Bonds are subject to optional and extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. This requirement was met at September 30, 2021.

The Bond 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 agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. Payment of principal and interest on the 2014 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2014 Bonds at September 30, 2021 is \$29,830,450. For the year ended September 30, 2021, principal and interest of \$3,907,012 was paid. Special assessment revenue of \$3,876,150 was pledged for the year ended September 30, 2021.

Special Assessment Revenue Bonds, Series 2017 - Public Offering

In May 2017, the District issued \$870,000 of Special Assessment Revenue Bonds, Series 2017 due on May 1, 2044 with a fixed interest rate of 5.75%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District and pay issuance costs. Interest is paid semiannually on each May 1 and November 1. Principal is payable annually commencing May 1, 2019 through May 1, 2044.

The Series 2017 Bonds are subject to redemption at the option of the District, in whole or in part at a redemption price set forth in the Bond Indenture. The Series 2017 Bonds are subject to optional and extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture. In the event of default, all principal and interest of the Bond will become immediately due and payable.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. This requirement was met at September 30, 2021.

The Bond 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 agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. Payment of principal and interest on the 2017 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2017 Bonds at September 30, 2021 is \$1,510,688. For the year ended September 30, 2021, principal and interest of \$63,300 was paid. Special assessment revenue of \$67,470 was pledged for the year ended September 30, 2021.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Utility Refunding Revenue Bonds, Series 2016 - Public Offering

In December 2016, the District issued \$24,045,000 of Utility Refunding Revenue Bonds, Series 2016 due October 1, 2037 with an interest rate ranging from 4.5% to 4.875%. The Bonds were issued to refund the outstanding Utility Revenue Refunding Bonds, Series 2007. Interest is paid semiannually on each April 1 and October 1. Principal is payable annually commencing October 1, 2017 through October 1, 2037.

The Bond 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 agreed to establish rates in amount adequate to provide payment of debt service and to meet certain trust indenture provisions. The District was in compliance with these provisions in the current fiscal year. In the event of default, all principal and interest of the Bond will become immediately due and payable.

Total principal and interest remaining on the Series 2016 Bonds at September 30, 2021 is \$29,186,132. For the year ended September 30, 2021. For the year ended September 30, 2021, principal and interest of \$1,813,123 was paid. Revenue of \$2,127,400 was pledged for the year ended September 30, 2021.

Golf Course Revenue Bonds, Series 1999 - Public Offering

In March 1999, the District issued \$7,835,000 of Golf Course Revenue Bonds, Series 1999 due October 1, 2024 with an interest rate of 6.6%. The Bonds were issued to finance the acquisition and construction of certain public infrastructure with the District. The bonds are secured by a pledge of certain revenues derived as a result of operations on the golf course. Interest is paid semiannually on each April 1 and October 1. Principal is payable annually commencing October 1, 2000 through October 1, 2024.

The Bonds are secured by a pledge of certain revenues derived as a result of operations of the golf course. The District has not made a debt service payment on the Golf Course Revenue Bonds, Series 1999 since April 1, 2011 and is not in compliance with the Trust Indenture. In the event of default, all principal and interest of the Bond will become immediately due and payable.

Total principal and interest remaining on the Series 1999 Bonds at September 30, 2021 is \$7,189,868, which includes matured bonds payable of \$2,810,000 and matured interest payable of \$2,469,358. For the year ended September 30, 2021, no principal and interest was paid (\$370,000 of principal was added to matured bonds payable and \$114,180 of interest was added to matured interest payable). Revenue of \$3,311,099 was pledged for the year ended September 30, 2021.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Long-term debt activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds Payable:					
Series 2014	\$ 23,685,000	\$ -	\$ (2,710,000)	\$ 20,975,000	\$ 1,700,000
Discount	(310,885)	-	13,081	(297,804)	-
Series 2017	840,000	-	(15,000)	825,000	20,000
Governmental activity long-term liabilities	<u>\$ 24,214,115</u>	<u>\$ -</u>	<u>\$ (2,711,919)</u>	<u>\$ 21,502,196</u>	<u>\$ 1,720,000</u>
Business-Type Activities					
Bonds Payable:					
Water and sewer, series 2016	\$ 21,695,000	\$ -	\$ (885,000)	\$ 20,810,000	905,000
Discount	(202,334)	-	7,708	(194,626)	-
Golf course, series 1999	2,100,000	-	(370,000)	1,730,000	390,000
Business-type long-term liabilities	<u>\$ 23,592,666</u>	<u>\$ -</u>	<u>\$ (1,247,292)</u>	<u>\$ 22,345,374</u>	<u>\$ 1,295,000</u>

The \$370,000 reduction above for the Golf Course, Series 1999 Bonds was not paid, but was accrued to matured bonds payable. The beginning balance is reduced by \$2,440,000 which was also not paid, but accrued to matured bonds payable in prior years. At year end, total matured bonds payable is \$2,810,000.

At September 30, 2021, the scheduled debt service requirements on the bonds payable were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,720,000	\$ 1,177,837	\$ 1,295,000	\$ 911,760
2023	1,800,000	1,099,987	1,350,000	858,150
2024	1,885,000	1,018,363	1,405,000	799,727
2025	1,975,000	932,613	1,460,000	736,375
2026	2,075,000	834,637	1,020,000	701,565
2027 - 2031	8,475,000	2,512,701	5,715,000	2,874,603
2032 - 2036	1,140,000	1,110,702	7,030,000	1,527,640
2037 - 2041	1,560,000	696,849	3,265,000	146,822
2042 - 2046	1,170,000	157,449	-	-
	<u>\$ 21,800,000</u>	<u>\$ 9,541,138</u>	<u>\$ 22,540,000</u>	<u>\$ 8,556,642</u>

NOTE 7 MANAGEMENT COMPANY

District Operations

The District has contracted with a management company ("GMS") to perform management services, which include financial and accounting services. Certain employees of GMS also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting and other administrative costs.

Recreation Operations

The District entered into a management agreement in June 2008, with Hampton Golf, Inc. to supervise, direct and control the management, development, marketing and operation of the Eagle Harbor Swim and Tennis Park. The agreement has no ending date and provides that either party may terminate the agreement with 90-day notice. The monthly management fee is \$3,000 per month. During fiscal year 2021, the District paid \$39,000 to Hampton Golf, Inc. as management fees under these agreements.

Golf Operations

The District entered into a management agreement in June 2008, with Hampton Golf, Inc. to supervise, direct and control the management, development, marketing and operation of the Eagle Harbor Golf Club. The agreement has no ending date and provides that either party may terminate the agreement with 90-day notice. The monthly management fee is \$7,200 per month. During fiscal year 2021, the District paid \$84,000 to Hampton Golf, Inc. as management fees under these agreements.

NOTE 8 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. These risks are covered by commercial insurance from independent third parties. The District has not filed any claims under this commercial coverage during the last three years.

NOTE 9 SUBSEQUENT EVENTS

The District was not able to make the October 2021 and May 2021 debt service payments on the Golf Course Revenue Bonds, Series 1999.

COMPLIANCE SECTION

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

To the Board of Supervisors
The Crossings at Fleming Island Community Development District

We have audited, in accordance with 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 the governmental activities, business-type activities and each major fund of *The Crossings at Fleming Island Community Development District* (the "District") as of and for the year ended September 30, 2021, which collectively comprise the District's financial statements and have issued our report thereon dated June 30, 2022.

Internal Control Over Financial Reporting

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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*. See Appendix A.

We noted certain other matters that we reported to management of the District, in a separate letter dated June 30, 2022. The District's response to our findings identified in our audit is included in this report. We did not audit the District's response, and accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDiarmid Davis

Orlando, Florida
June 30, 2022



MANAGEMENT LETTER

Board of Supervisors
The Crossings at Fleming Island Community Development District

We have audited the financial statements of *The Crossings at Fleming Island Community Development District* (the "District"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 30, 2022.

Auditor's Responsibility

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

Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 29, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report, except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2019-20 FY Finding #	2018-19 FY Finding #
15-01	15-01	15-01
15-02	15-02	15-02

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 1.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 4.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$120,000.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$63,260.
- e. 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 of the fiscal year being reported, together with the total expenditures for such project as: Pickleball courts- \$211,294
- f. 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 budget under Section 189.016(6), Florida Statutes, as included in the general fund budget statement.

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

- a. The rate or rates of non-ad valorem special assessments imposed by the district as \$675.73- \$94,046.42.
- b. The total amount of special assessments collected by or on behalf of the district as \$3,132,062.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as disclosed in the notes.

Additional Matters

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

Purpose of this Letter

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

McDiarmid Davis

Orlando, Florida
June 30, 2022

15-01 - Failure to Make Debt Service Payments When Due

Criteria

The Golf Course Revenue Bonds Series 1999 require semiannual interest payments and annual principal payments as per the Bond Indenture.

Condition

In the current and prior years, the District did not pay the entire principal and interest due on the Series 1999 Bonds.

Cause

Operating revenues are insufficient.

Effect

At September 30, 2021, the District was in default per Article VIII Section 8.02a of the Trust Indenture.

Recommendation

We recommend the District utilize all remedies available to bring debt service payments current.

Management Response

The District's Golf Course Bonds are Revenue Bonds secured solely by the Pledged Revenues generated by the Golf Course which have been insufficient to pay the operating costs and debt service payments on the Golf Course Bonds for the past ten years. The District has made capital improvements, hired an independent golf course consultant to evaluate the golf course facilities and operations, hired a professional golf course management company along with various other actions to improve the financial condition of the Golf Course Enterprise Fund. However, golf as an industry continues to struggle financially and it will be extremely difficult for the District to meet its financial obligations based upon the diminishing interest in the sport for the foreseeable future.

15-02 - Failure to Meet Debt Service Reserve Account Requirement

Criteria

The Trust Indenture requires the District to maintain a minimum balance in the Debt Service Reserve Account.

Condition

At September 30, 2021, the Debt Service Reserve Account was deficient.

Cause

The balance in the Debt Service Reserve Account was used to pay debt service expenditures.

Effect

At September 30, 2021, the District was in default per Article VIII Section 8.02e of the Trust Indenture.

Recommendation

We recommend the District utilize all remedies available to replenish the Debt Service Reserve Account.

Management Response

The District's Golf Course Bonds are Revenue Bonds secured solely by the Pledged Revenues generated by the Golf Course which have been insufficient to pay the operating costs and debt service payments on the Golf Course Bonds for the past ten years. The District has made capital improvements, hired an independent golf course consultant to evaluate the golf course facilities and operations, hired a professional golf course management company along with various other actions to improve the financial condition of the Golf Course Enterprise Fund. However, golf as an industry continues to struggle financially and it will be extremely difficult for the District to meet its financial obligations based upon the diminishing interest in the sport for the foreseeable future.

15-01 - Failure to Make Debt Service Payments When Due

In the current and prior years, the District did not pay all of the principal and interest due on the Series 1999 Bonds due to lack of funds; therefore the District meets Section 218.503(1)(a) as a financial emergency condition.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
The Crossings at Fleming Island Community Development District

We have examined *The Crossings at Fleming Island Community Development District's* (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards issued by the Comptroller General of the United States*, and, accordingly, included examining, on a test basis, evidence about the 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

McDermitt Davis

Orlando, Florida
June 30, 2022