

**Arlington Ridge Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2023

Arlington Ridge Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2023

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Arlington Ridge Community Development District
Leesburg, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Arlington Ridge Community Development District (the "District"), as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Arlington Ridge Community Development District as of September 30, 2023, and the respective changes in financial position and the budgetary comparison for the General and Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

To the Board of Supervisors
Arlington Ridge Community Development District

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

To the Board of Supervisors
Arlington Ridge Community Development District

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2024 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arlington Ridge Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines + Frank*

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

November 14, 2024

Arlington Ridge Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses and related program revenues are reported by major function, 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.

**Arlington Ridge Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

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 and Special Revenue Funds. *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.

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 expendable resources, as well as balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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, 2023.

- ◆ The District's total assets exceeded total liabilities by \$10,536,401 (net position). Net investment in capital assets for Governmental Activities was \$9,420,538. Unrestricted net position for Governmental Activities was \$842,188. Restricted net position for Governmental Activities was \$273,675.
- ◆ Governmental Activities revenues totaled \$5,379,462, while Governmental Activities expenses totaled \$5,769,062.

**Arlington Ridge Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

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	
	2023	2022
Current assets	\$ 1,563,381	\$ 1,462,682
Restricted assets	450,447	573,387
Capital assets	11,873,791	12,696,100
Total Assets	<u>13,887,619</u>	<u>14,732,169</u>
Current liabilities	1,214,217	1,019,873
Non-current liabilities	2,137,001	2,786,295
Total Liabilities	<u>3,351,218</u>	<u>3,806,168</u>
Net Position - Net investment in capital assets	9,420,538	9,780,417
Net Position - Restricted	273,675	369,787
Net Position - Unrestricted	842,188	775,797
Total Net Position	<u>\$ 10,536,401</u>	<u>\$ 10,926,001</u>

The increase in current assets is primarily due to the increase in prepaid expenses in the current year.

The decrease in restricted assets is the result of expenditures exceeding revenues in the Debt Service Fund in the current year.

The increase in current liabilities is related to the increase in notes payable.

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

The decrease in capital assets is primarily the result of depreciation in excess of capital additions in the current year.

**Arlington Ridge Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

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	
	2023	2022
<u>Program Revenues</u>		
Charges for services	\$ 5,232,339	\$ 5,098,336
<u>General Revenues</u>		
Miscellaneous revenues	128,697	236,567
Investment earnings	18,426	2,040
Total Revenues	<u>5,379,462</u>	<u>5,336,943</u>
<u>Expenses</u>		
General government	326,454	294,775
Physical environment	970,320	1,241,269
Culture/recreation	4,346,204	3,674,029
Interest and other charges	126,084	155,763
Total Expenses	<u>5,769,062</u>	<u>5,365,836</u>
Change in Net Position	(389,600)	(28,893)
Net Position - Beginning of Year	<u>10,926,001</u>	<u>10,954,894</u>
Net Position - End of Year	<u><u>\$ 10,536,401</u></u>	<u><u>\$ 10,926,001</u></u>

The increase in charges for services in the current year is due to the increase in golf course and restaurant sales in the current year.

The increase in culture/recreation is related to the increase in restaurant operations in the current year.

The decrease in physical environment is related to certain major repair and maintenance projects in the prior year.

The decrease in interest and other charges is related to the reduction in outstanding debt in the current year.

**Arlington Ridge Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity as of September 30, 2023 and 2022.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 4,135,000	\$ 4,135,000
Buildings and improvements	10,684,800	10,684,800
Infrastructure	7,710,720	7,710,720
Equipment	939,181	907,296
Right-to-use asset	-	24,765
Accumulated depreciation	<u>(11,595,910)</u>	<u>(10,766,481)</u>
 Total Capital Assets (Net)	 <u><u>\$ 11,873,791</u></u>	 <u><u>\$ 12,696,100</u></u>

During the year, the District added \$31,885 in equipment, and depreciation was \$829,429.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily due to less roof reserve and capital outlay than were anticipated.

The September 30, 2023 budget was amended for greater roof reserve and capital outlay expenditures than were originally anticipated.

Debt Management

Governmental Activities debt includes the following:

- ◆ In March 2006, the District issued \$15,965,000 Series 2006A Special Assessment Bonds with a fixed interest rate of 5.50%. These bonds were issued to finance the acquisition and construction of certain improvements for the benefit of certain property within the District. As of September 30, 2023, \$1,730,000 of Series 2006A Bonds were still outstanding.
- ◆ In July 2019, the District issued \$1,765,000 Series 2019 Special Assessment Bonds with varying interest rates from 3.60% to 4.00%. These bonds were issued to finance the acquisition of the Arlington Ridge Golf Club and the construction or reconstruction of related improvements. As of September 30, 2023, \$525,000 of Series 2019 Bonds were still outstanding.

**Arlington Ridge Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In November 2019, the District entered into two financed purchase agreements for equipment valued at \$512,412. As of September 30, 2023, a balance of \$92,739 was still outstanding.

- ◆ In May 2022, the District entered into a funding agreement with Arlington Ridge Community Association (the "Association") to provide funding to the District associated with the acquisition of the Sales Center. The Association agreed to provide funding of \$235,000 in the form of a loan to be forgiven if certain conditions are met. As of September 30, 2023, the outstanding balance was \$235,000.

Economic Factors and Next Year's Budget

The District does not anticipate any economic factors to have a significant effect on the financial position or the results of operations in fiscal year 2024.

Request for Information

This financial report is designed to provide a general overview of the 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 Inframark Services, LLC, 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

Arlington Ridge Community Development District
STATEMENT OF NET POSITION
September 30, 2023

	Governmental Activities
ASSETS	
Current Assets	
Cash and equivalents	\$ 1,183,929
Accounts receivable	67,580
Due from other governments	7,920
Inventory	107,775
Prepaid expenses	154,714
Deposits	26,256
Cash restricted for deposits	15,207
Total Current Assets	1,563,381
Non-current Assets	
Restricted assets	
Cash and investments	450,447
Capital assets:	
Assets not being depreciated	
Land and improvements	4,135,000
Assets being depreciated	
Buildings and improvements	10,684,800
Infrastructure	7,710,720
Equipment	939,181
Less: accumulated depreciation	(11,595,910)
Total Non-current Assets	12,324,238
Total Assets	13,887,619
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	370,138
Unearned revenues	335,013
Deposits payable from restricted cash	15,207
Accrued interest payable	48,121
Financed purchase	85,738
Notes payable	235,000
Bonds payable	125,000
Total Current Liabilities	1,214,217
Non-current Liabilities	
Financed purchase	7,001
Bonds payable	2,130,000
Total Non-current Liabilities	2,137,001
Total Liabilities	3,351,218
NET POSITION	
Net investment in capital assets	9,420,538
Restricted for debt service	273,675
Unrestricted	842,188
Total Net Position	\$ 10,536,401

See accompanying notes to financial statements.

Arlington Ridge Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position Governmental Activities
Governmental Activities			
General government	\$ (326,454)	\$ 339,874	\$ 13,420
Physical environment	(970,320)	669,990	(300,330)
Culture/recreation	(4,346,204)	3,890,835	(455,369)
Interest and other charges	(126,084)	331,640	205,556
Total Governmental Activities	\$ (5,769,062)	\$ 5,232,339	(536,723)
	General Revenues		
			18,426
			128,697
			147,123
			(389,600)
			10,926,001
			\$ 10,536,401

See accompanying notes to financial statements.

Arlington Ridge Community Development District
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 982,192	\$ 216,944	\$ -	\$ -	\$ 1,199,136
Accounts receivable	-	67,580	-	-	67,580
Due from other funds	67,485	202,934	-	-	270,419
Due from other governments	7,085	-	835	-	7,920
Inventory	-	107,775	-	-	107,775
Prepaid expenses	127,942	26,772	-	-	154,714
Deposits	7,151	19,105	-	-	26,256
Restricted assets					
Investments	-	-	442,105	8,342	450,447
Total Assets	\$ 1,191,855	\$ 641,110	\$ 442,940	\$ 8,342	\$ 2,284,247
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 202,587	\$ 167,551	\$ -	\$ -	\$ 370,138
Due to other funds	202,934	67,485	-	-	270,419
Deposits	780	14,427	-	-	15,207
Unearned revenues	-	335,013	-	-	335,013
Total Liabilities	406,301	584,476	-	-	990,777
Fund Balances:					
Nonspendable:					
Inventory	-	107,775	-	-	107,775
Prepaid expenses and deposits	135,093	45,877	-	-	180,970
Assigned:					
Capital reserves	408,960	-	-	-	408,960
Operating reserves	105,370	-	-	-	105,370
Restricted:					
Debt service	-	-	442,940	-	442,940
Capital projects	-	-	-	8,342	8,342
Unassigned:					
Total Fund Balances	136,131	(97,018)	-	-	39,113
Total Fund Balances	785,554	56,634	442,940	8,342	1,293,470
Total Liabilities and Fund Balances	\$ 1,191,855	\$ 641,110	\$ 442,940	\$ 8,342	\$ 2,284,247

See accompanying notes to financial statements.

Arlington Ridge Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2023

Total Governmental Fund Balances	\$ 1,293,470
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, land and improvements, used in governmental activities are not current financial resources, and, therefore, are not reported at the fund level.	4,135,000
Capital assets being depreciated, infrastructure, \$7,710,720, buildings and improvements, \$10,684,800, and equipment, \$939,181, net of accumulated depreciation, \$(11,595,910), used in governmental activities are not current financial resources; and therefore, are not reported at the fund level.	7,738,791
Long-term liabilities, including financed purchase payable, are not due and payable in the current period and therefore, are not reported at the fund level.	(92,739)
Long-term liabilities, including bonds payable, \$(2,255,000), and note payable, \$(235,000), are not due and payable in the current period and therefore, are not reported at the fund level.	(2,490,000)
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the fund level.	<u>(48,121)</u>
Net Position of Governmental Activities	<u><u>\$ 10,536,401</u></u>

See accompanying notes to financial statements.

Arlington Ridge Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Special assessments	\$ 2,247,313	\$ -	\$ 331,640	\$ -	\$ 2,578,953
Charges for services	-	2,653,386	-	-	2,653,386
Investment earnings	172	-	17,870	384	18,426
Other revenues	66,108	-	-	-	66,108
Total Revenues	<u>2,313,593</u>	<u>2,653,386</u>	<u>349,510</u>	<u>384</u>	<u>5,316,873</u>
Expenditures					
Current					
General government	326,454	-	-	-	326,454
Physical environment	643,536	-	-	-	643,536
Culture/recreation	1,188,588	2,594,924	-	-	3,783,512
Capital outlay	31,885	-	-	-	31,885
Debt service					
Principal	-	137,334	335,000	-	472,334
Interest	-	5,174	128,133	-	133,307
Total Expenditures	<u>2,190,463</u>	<u>2,737,432</u>	<u>463,133</u>	<u>-</u>	<u>5,391,028</u>
Excess/deficiency of revenues over/(under) expenditures	123,130	(84,046)	(113,623)	384	(74,155)
Other Financing Sources/(Uses)					
Insurance proceeds	27,307	-	-	-	27,307
Transfers in	-	66,305	385	1,072	67,762
Transfers out	(66,305)	-	(1,072)	(385)	(67,762)
Total Other Financing Sources/(Uses)	<u>(38,998)</u>	<u>66,305</u>	<u>(687)</u>	<u>687</u>	<u>27,307</u>
Net change in fund balances	84,132	(17,741)	(114,310)	1,071	(46,848)
Fund Balances - October 1, 2022	<u>701,422</u>	<u>74,375</u>	<u>557,250</u>	<u>7,271</u>	<u>1,340,318</u>
Fund Balances - September 30, 2023	<u>\$ 785,554</u>	<u>\$ 56,634</u>	<u>\$ 442,940</u>	<u>\$ 8,342</u>	<u>\$ 1,293,470</u>

See accompanying notes to financial statements.

Arlington Ridge 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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (46,848)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount depreciation, \$(829,429), and right-to-use amortization, \$(24,765), exceeded capital outlay, \$31,885, in the current period.	(822,309)
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Repayment of long-term liabilities are reported as expenditures in the governmental fund statements but such repayments reduce liabilities in the Statement of Net Position and are eliminated in the Statement of Activities.	472,334
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Accrued interest expense is reported in the Statement of Activities but in governmental funds interest expenditures are reported when due. This is the net amount between current year and prior year accruals.	<u>7,223</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (389,600)</u></u>
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See accompanying notes to financial statements.

Arlington Ridge Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$2,233,233	\$ 2,233,233	\$ 2,247,313	\$ 14,080
Investment earnings	314	200	172	(28)
Other revenues	23,200	63,200	66,108	2,908
Total Revenues	<u>2,256,747</u>	<u>2,296,633</u>	<u>2,313,593</u>	<u>16,960</u>
Expenditures				
Current				
General government	238,697	359,898	326,454	33,444
Physical environment	269,710	456,400	643,536	(187,136)
Culture/recreation	1,249,072	1,288,821	1,188,588	100,233
Capital outlay	200,000	355,000	31,885	323,115
Total Expenditures	<u>1,957,479</u>	<u>2,460,119</u>	<u>2,190,463</u>	<u>269,656</u>
Excess/deficiency of revenues over/(under) expenditures	299,268	(163,486)	123,130	286,616
Other Financing Sources/(Uses)				
Insurance proceeds	-	28,000	27,307	(693)
Transfers out	(11,554)	(66,305)	(66,305)	-
Total Other Financing Sources/(Uses)	<u>(11,554)</u>	<u>(38,305)</u>	<u>(38,998)</u>	<u>(693)</u>
Net change in fund balances	287,714	(201,791)	84,132	285,923
Fund Balances - October 1, 2022	<u>685,883</u>	<u>698,415</u>	<u>701,422</u>	<u>3,007</u>
Fund Balances - September 30, 2023	<u>\$ 973,597</u>	<u>\$ 496,624</u>	<u>\$ 785,554</u>	<u>\$ 288,930</u>

See accompanying notes to financial statements.

Arlington Ridge Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 2,500,447	\$ 2,723,446	\$ 2,653,386	\$ (70,060)
Miscellaneous revenues	-	15,000	-	(15,000)
Total Revenues	<u>2,500,447</u>	<u>2,738,446</u>	<u>2,653,386</u>	<u>(85,060)</u>
Expenditures				
Current				
Culture/recreation	2,394,575	2,936,082	2,594,924	341,158
Debt service				
Principal	112,612	112,612	137,334	(24,722)
Interest	4,814	4,814	5,174	(360)
Total Expenditures	<u>2,512,001</u>	<u>3,053,508</u>	<u>2,737,432</u>	<u>316,076</u>
Excess/deficiency of revenues over/(under) expenditures	(11,554)	(315,062)	(84,046)	231,016
Other Financing Sources/(Uses)				
Transfers in	130,443	-	66,305	66,305
Transfers out	(118,889)	-	-	-
Total Other Financing Sources/(Uses)	<u>11,554</u>	<u>-</u>	<u>66,305</u>	<u>66,305</u>
Net Change in Fund Balances	-	(315,062)	(17,741)	297,321
Fund Balances - October 1, 2022	-	74,369	74,375	6
Fund Balances - September 30, 2023	<u>\$ -</u>	<u>\$ (240,693)</u>	<u>\$ 56,634</u>	<u>\$ 297,327</u>

See accompanying notes to financial statements.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Arlington Ridge Community Development District (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 October 13, 2003 by Ordinance No. 03-94 of the City of Leesburg, Florida, under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is governed by a five-member Board of Supervisors, who are elected for terms of four years. The District operates within the criteria established by Chapter 190, Florida Statutes. The Board has the responsibility for assessing and levying assessments, approving budgets, exercising control over facilities and properties, controlling the use of funds generated by the District, approving the hiring and firing of key personnel, and financing improvements.

The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, designation of management, significant ability to influence operations and accountability for fiscal matters. As required by GAAP, these financial statements present the Arlington Ridge Community Development District (the primary government) as a stand-alone government.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

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

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

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 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, miscellaneous revenues 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 an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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 has implemented 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 expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund accounts for the operation of the golf course.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – Accounts for debt service requirements to retire certain special assessment refunding bonds which were used to finance the construction of District infrastructure improvements and finance certain additional improvements. The bond series is secured by a pledge of debt service special assessment revenues in any fiscal year related to the improvements. A lien is placed on all benefited land in relationship to the debt outstanding.

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

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as special assessment bonds, be reported in the governmental activities column in the government-wide statement of net position.

4. Assets, Liabilities and Net Position or Equity

a. Cash and Investments

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.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Cash and Investments (Continued)

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.

Cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

b. Restricted Net Position

Certain net position of the District are classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure, are reported in the applicable governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. 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.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

c. Capital Assets (Continued)

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:

Buildings and Improvements:	5-30 years
Infrastructure:	20-30 years
Equipment	5-15 years

d. Budgets

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

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, \$1,293,470, differs from “net position” of governmental activities, \$10,536,401, 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 (property, plant and equipment 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.

Land and improvements	\$ 4,135,000
Buildings and improvements	10,684,800
Infrastructure	7,710,720
Equipment	939,181
Accumulated depreciation	<u>(11,595,910)</u>
Total	<u>\$ 11,873,791</u>

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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

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

Long-term debt transactions

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 (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2023 were:

Bonds payable	\$ <u>(2,255,000)</u>
Note payable	\$ <u>(235,000)</u>
Financed purchase payable	\$ <u>(92,739)</u>

Accrued interest

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

Accrued interest on bonds payable	\$ <u>(48,121)</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, \$(46,848), differs from the “change in net position” for governmental activities, \$(389,600), 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 cost of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Depreciation	\$ (829,429)
Amortization of right-to-use assets	(24,765)
Capital outlay	<u>31,885</u>
Total	<u>\$ (822,309)</u>

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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

Debt principal payments	\$ <u>472,334</u>
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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>7,223</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 does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2023, the District's bank balance was \$1,331,703 and the carrying value was \$1,199,136. 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.

Investments

As of September 30, 2023, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Government Obligation	24 Days*	\$ 450,447

*Weighted Average Maturity

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE C – CASH AND INVESTMENTS (CONTINUED)

The District categorizes its fair value measurement 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. 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 uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The investment in First American Government Obligation is a level 1 asset.

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Interest Rate Risk

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

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2023, the District's investment in First American Government Obligation were rated AAAM by Standards & Poors.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one investment. The investment in the First American Government Obligation is 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2023 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.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

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.

NOTE E – INTERFUND ACTIVITY

Interfund balances at September 30, 2023, consisted of the following:

Receivable Fund	Payable Fund		
	General Fund	Special Revenue Fund	Total
General Fund	\$ -	\$ 67,485	\$ 67,485
Special Revenue Fund	202,934	-	202,934
Total	\$ 202,934	\$ 67,485	\$ 270,419

Balance due to the General Fund is related to expenditures paid out of the General Fund on behalf of the Special Revenue Fund. Balance due to the Special Revenue Fund is associated with budgeted transfers from the General Fund.

Interfund transfers for the year-ended September 30, 2023, consisted of the following:

Transfers Out	Transfers In			Total
	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
General Fund	\$ 66,305	\$ -	\$ -	\$ 66,305
Debt Service Fund	-	-	1,072	1,072
Capital Projects Fund	-	385	-	385
Total	\$ 66,305	\$ 385	\$ 1,072	\$ 67,762

Transfers to the Special Revenue Fund are in accordance with the General Fund budget.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Additions	Disposals	Balance September 30, 2023
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 4,135,000	\$ -	\$ -	\$ 4,135,000
Capital assets, being depreciated:				
Buildings	10,684,800	-	-	10,684,800
Infrastructure	7,710,720	-	-	7,710,720
Right-to-use asset, net	24,765	-	(24,765)	-
Equipment	907,296	31,885	-	939,181
Total Capital Assets, Being Depreciated	<u>19,327,581</u>	<u>31,885</u>	<u>(24,765)</u>	<u>19,334,701</u>
Less accumulated depreciation	<u>(10,766,481)</u>	<u>(829,429)</u>	<u>-</u>	<u>(11,595,910)</u>
Total Capital Assets Depreciated, Net	<u>8,561,100</u>	<u>(797,544)</u>	<u>(24,765)</u>	<u>7,738,791</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,696,100</u>	<u>\$ (797,544)</u>	<u>\$ (24,765)</u>	<u>\$ 11,873,791</u>

Depreciation was charged to physical environment, \$326,784, and culture/recreation, \$502,645. Amortization of the right-to-use asset, \$24,765, was charged to culture/recreation.

NOTE G – LONG-TERM DEBT

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2023:

Long-term debt at October 1, 2022	\$ 2,825,000
Principal payments	<u>(335,000)</u>
Long-term debt at September 30, 2023	<u>\$ 2,490,000</u>

Special Assessment Revenue Bonds

\$15,965,000 Series 2006A Special Assessment Bonds are due in annual principal installments beginning May 2007 maturing May 2036. Interest at a fixed rate of 5.5% is due May and November beginning November 2006. Current portion is \$95,000.

\$ 1,730,000

\$1,765,000 Series 2019 Special Assessment Bonds are due in annual principal installments beginning May 2020 maturing May 2036. Interest at varying rates between 3.6% and 4.0% is due May and November beginning November 2019. Current portion is \$30,000.

\$ 525,000

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE G – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 125,000	\$ 115,400	\$ 240,400
2025	135,000	109,005	244,005
2026	140,000	102,245	242,245
2027	145,000	95,210	240,210
2028	150,000	87,900	237,900
2029-2033	900,000	314,240	1,214,240
2034-2036	660,000	69,275	729,275
Totals	<u>\$ 2,255,000</u>	<u>\$ 893,275</u>	<u>\$ 3,148,275</u>

Summary of Significant Bonds Resolution Terms and Covenants

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:

1. Reserve Fund – The 2006A Reserve Account is funded from the proceeds of the Bonds in an amount equal to the reserve percentage, 6.82%, times the deemed outstanding amount. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.
2. Reserve Fund – The 2019 Reserve Account is funded from the proceeds of the Bonds in an amount equal to 50% of the maximum annual debt service requirement for the Series 2019 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Reserve Balance	Reserve Requirement
Series 2006A Special Assessment Bonds	\$ 117,986	\$ 94,394
Series 2019 Special Assessment Bonds	\$ 26,750	\$ 26,750

Note Payable

In May 2022, the District entered into a funding agreement with Arlington Ridge Community Association (the "Association") to provide funding to the District associated with the acquisition of the Sales Center. The Association agreed to provide funding of \$235,000 in the form of a loan to be forgiven if certain conditions are met. If the conditions are not met within a two-year period following the closing of the Sales Center, the District will begin making payments on the loan. As of September 30, 2023, the outstanding balance was \$235,000.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE H – FINANCED PURCHASE PAYABLE

The District entered into two financed purchase agreements for certain equipment ranging from 48 to 60 months. The agreements qualified as financed purchases for accounting purposes; and therefore, have been recorded at the present value of the future minimum payments. The property acquired through the financed purchases total \$512,412 and have a carrying value of \$409,929.

The future minimum obligations and the net present value of these minimum payments at September 30, 2023 were as follows:

Year Ending September 30,	Lease Payment
2024	\$ 87,234
2025	7,017
Total minimum lease payments	94,251
Less: amount representing interest	(1,512)
Present value of minimum lease payments	\$ 92,739

NOTE I – LEASES

Governmental Activities

In December 2019, the District entered into an agreement to lease certain golf carts and requires 42 monthly payments of \$3,322.50. The lease liability was measured at a discount rate of 4.2%. The agreement qualifies as a lease under GASB 87 and, therefore, has been recorded at the present value of future minimum lease payments as of the date of their inception. In addition, in accordance with the implementation of GASB 87, the District has recorded right-to-use assets for leased equipment. This lease agreement expired in the current year.

The District has recorded right-to-use leased assets for leased equipment. Right-to-use asset activity for the year ended September 30, 2023, was as follows:

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Right-to-use assets				
Leased equipment	\$ 130,016	\$ -	\$ (130,016)	\$ -
Less accumulated amortization for:				
Leased equipment	(105,251)	(24,765)	130,016	-
Right-to-use assets, net	\$ 24,765	\$ (24,765)	\$ -	\$ -

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the cost of these risks, coverage may not extend to all situations. Claims filed have not exceeded commercial coverage during the last three years.

Arlington Ridge Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE K – SUBSEQUENT EVENT

Subsequent to year end, the District made prepayments totaling \$95,000 for the Series 2006A Special Assessment Bonds and \$15,000 for the Series 2019 Special Assessment Bonds.



Berger, Toombs, Elam, Gaines & Frank

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

To the Board of Supervisors
Arlington Ridge Community Development District
Leesburg, 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, as listed in the table of contents, of Arlington Ridge Community Development District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated November 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Arlington Ridge 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 Arlington Ridge Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Arlington Ridge 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 or significant deficiencies may exist that have not been identified.

To the Board of Supervisors
Arlington Ridge Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arlington Ridge 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 no 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

November 14, 2024



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MANAGEMENT LETTER

To the Board of Supervisors
Arlington Ridge Community Development District
Leesburg, Florida

Report on the Financial Statements

We have audited the financial statements of the Arlington Ridge Community Development District as of and for the year ended September 30, 2023, and have issued our report thereon dated November 14, 2024.

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 Florida 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 our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals 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 November 14, 2024, 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. The following finding was in the preceding audit.

2020-01

Finding: The actual expenditures and transfers in the General and Special Revenue Fund exceeded the budget which is a violation of Section 189.016, Florida Statutes.

Response: Management will review spending to ensure that expenditures do not exceed appropriations in the future.

Status: The finding was corrected in the current fiscal year.

To the Board of Supervisors
Arlington Ridge Community Development District

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Arlington Ridge Community Development District. It is management's responsibility to monitor the Arlington Ridge 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 as of September 30, 2023.

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

Specific Information

The information 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 Arlington Ridge Community Development District reported:

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 20
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$0
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$833,130
- 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, 2022, together with the total expenditures for such project: N/A
- 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 amended, see the following page.

To the Board of Supervisors
Arlington Ridge Community Development District

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

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: The total assessments were \$2,271.30 and Debt Service fund \$146.15 - \$1,005.00.
- 2) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$2,578,953.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: \$1,730,000 Series 2006 Bonds maturing May 1, 2036 and \$525,000 of Series 2019 Bonds maturing May 1, 2036.

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$ 2,233,233	\$ 2,247,313	\$ 14,080
Investment earnings	314	172	(142)
Other revenues	23,200	66,108	42,908
Total Revenues	<u>2,256,747</u>	<u>2,313,593</u>	<u>56,846</u>
Expenditures			
Current			
General government	238,697	326,454	(87,757)
Physical environment	269,710	643,536	(373,826)
Culture/recreation	1,249,072	1,188,588	60,484
Capital outlay	200,000	31,885	168,115
Total Expenditures	<u>1,957,479</u>	<u>2,190,463</u>	<u>(232,984)</u>
Revenues over/(under) expenditures	299,268	123,130	(176,138)
Other Financing Sources/(Uses)			
Insurance proceeds	-	27,307	27,307
Transfers out	(11,554)	(66,305)	(54,751)
Total Other Financing Sources/(Uses)	<u>(11,554)</u>	<u>(38,998)</u>	<u>(27,444)</u>
Net changes in fund balance	287,714	84,132	(203,582)
Fund Balances - October 1, 2022	<u>685,883</u>	<u>701,422</u>	<u>15,539</u>
Fund Balances - September 30, 2023	<u>\$ 973,597</u>	<u>\$ 785,554</u>	<u>\$ (188,043)</u>

To the Board of Supervisors
Arlington Ridge Community Development District

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 warrants the attention of those charged with governance. In connection with our audit, we noted no such findings.

Purpose of this Letter

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

*Berger Toombs Elam
Gaines + Frank*

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

November 14, 2024



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

To the Board of Supervisors
Arlington Ridge Community Development District
Leesburg, Florida

We have examined Arlington Ridge Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2023. Management is responsible for Arlington Ridge Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Arlington Ridge 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 Arlington Ridge 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 Arlington Ridge Community Development District's compliance with the specified requirements.

In our opinion, Arlington Ridge Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

*Berger Toombs Elam
Gaines + Frank*

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

November 14, 2024