

Financial Statements

September 30, 2023

The Crossings at Fleming Island Community Development District

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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, 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 effectiveness of 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.

McDermitt Davis

Orlando, Florida

June 27, 2024

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, 2023. 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, 2023 by \$6,275,532, an increase in net position of \$3,393,489 in comparison with the prior year.
- At September 30, 2023, the District's governmental funds reported a combined fund balance of \$7,865,176, an increase of \$597,453 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.

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 two 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, and debt service fund 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 \$(6,275,532) at September 30, 2023. The following analysis reflects the condensed statement of financial position for the current and prior year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 8,214,225	\$ 7,784,130	6,600,828	\$ 6,135,835	\$ 14,815,053	\$ 13,919,965
Capital assets, net	10,378,790	10,465,359	12,763,014	13,177,560	23,141,804	23,642,919
Total assets	18,593,015	18,249,489	19,363,842	19,313,395	37,956,857	37,562,884
Deferred Outflows	776,937	814,557	1,125,940	1,210,916	1,902,877	2,025,473
Liabilities						
Current liabilities	743,523	946,891	7,824,613	7,373,935	8,568,136	8,320,826
Long-term liabilities	17,713,358	19,595,277	19,853,772	21,341,275	37,567,130	40,936,552
Total liabilities	18,456,881	20,542,168	27,678,385	28,715,210	46,135,266	49,257,378
Net Position						
Net investment in capital assets	(6,557,631)	(8,315,361)	(9,584,818)	(10,152,799)	(16,142,449)	(18,468,160)
Restricted	2,250,930	2,081,443	2,292,660	1,658,555	4,543,590	3,739,998
Unrestricted	5,219,772	4,755,796	103,555	303,345	5,323,327	5,059,141
Total net position	\$ 913,071	\$ (1,478,122)	\$ (7,188,603)	\$ (8,190,899)	\$ (6,275,532)	\$ (9,669,021)

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.

Statement of Activities

The following is a summary of the changes in net position for the fiscal years ended September 30, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 7,335,025	\$ 7,232,221	\$ 11,050,365	\$ 10,245,213	\$ 18,385,390	\$ 17,477,434
Operating grants and contributions	138,109	10,786	-	-	138,109	10,786
General revenues:						
Investment earnings	225,020	61,656	189,136	27,014	414,156	88,670
Other	-	-	-	-	-	-
Total revenues	7,698,154	7,304,663	11,239,501	10,272,227	18,937,655	17,576,890
Expenses						
Governmental activities:						
General government	279,479	299,963	-	-	279,479	299,963
Physical environment	1,891,360	1,733,728	-	-	1,891,360	1,733,728
Recreation	2,023,345	1,879,684	-	-	2,023,345	1,879,684
Interest	1,009,672	1,071,910	-	-	1,009,672	1,071,910
Business - type activities:						
Water and sewer	-	-	5,836,786	5,691,859	5,836,786	5,691,859
Golf and restaurant	-	-	4,503,524	3,954,778	4,503,524	3,954,778
Total expenses	5,203,856	4,985,285	10,340,310	9,646,637	15,544,166	14,631,922
Increase (Decrease) in Net Position Before Transfers	2,494,298	2,319,378	899,191	625,590	3,393,489	2,944,968
Transfers	(103,105)	(68,398)	103,105	68,398	-	-
Increase (Decrease) in Net Position	2,391,193	2,250,980	1,002,296	693,988	3,393,489	2,944,968
Net position, beginning	(1,478,122)	(3,729,102)	(8,190,899)	(8,833,345)	(9,669,021)	(12,562,447)
Restatement	-	-	-	(51,542)	-	(51,542)
Net position, end	\$ 913,071	\$ (1,478,122)	\$ (7,188,603)	\$ (8,190,899)	\$ (6,275,532)	\$ (9,669,021)

Governmental Activities

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2023 was \$5,203,856. The majority of these costs are comprised of physical environment and recreation expenditures.

Business-Type Activities

The cost of the business-type activities was \$10,340,310, a 7.2% increase from the prior year. The costs of those activities were paid for by charges for services, which accounted for 98% of total business-type revenues. Charges for services increased \$805,152 or 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, 2023, the District's governmental funds reported combined ending fund balances of \$7,865,176. Of this total, \$205,858 is nonspendable, \$2,645,404 is restricted, and \$5,013,914 is unassigned.

The fund balance of the general fund increased \$463,976, primarily due to assessments and charges for services in excess of expenditures. The debt service fund balance increased \$133,477 due to an increase in debt service assessment revenue.

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 \$1,672,219, which is a decrease of \$25,713 from the previous year. Of the total net position in the amount of \$(4,816,124), \$2,292,660 is restricted for renewal, replacement, and debt service.

The Golf Course Fund reported operating income of \$22,306, which is an increase of \$46,600 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, 2023 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2023, the District had \$23,141,804 invested in capital assets. More detailed information about the District's capital assets is presented in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,298,612	\$ 2,298,612	\$ 3,599,131	\$ 3,599,131	\$ 5,897,743	\$ 5,897,743
Improvements and equipment	12,672,809	12,398,374	107,569	107,569	12,780,378	12,505,943
Water and sewer facilities	-	-	20,609,252	20,424,770	20,609,252	20,424,770
Golf course and improvements	-	-	3,351,402	3,230,427	3,351,402	3,230,427
Leased asset	-	-	347,601	347,601	347,601	347,601
Accumulated depreciation	(4,592,631)	(4,231,627)	(15,251,941)	(14,531,938)	(19,844,572)	(18,763,565)
Total	\$ 10,378,790	\$ 10,465,359	\$ 12,763,014	\$ 13,177,560	\$ 23,141,804	\$ 23,642,919

Capital Debt

At September 30, 2023, the District had \$41,500,000 in bonds outstanding, including matured bonds payable of \$3,620,000. The District also had lease liabilities of \$137,982. 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 2023.

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

Statement of Net Position

September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 883,571	\$ 807,678	\$ 1,691,249
Investments	4,393,753	3,118,018	7,511,771
Internal balances	102,148	(102,148)	-
Accounts receivable, net	69,291	333,533	402,824
Inventories	39,808	150,655	190,463
Prepaid costs	44,171	51,339	95,510
Deposits	36,079	7,146	43,225
Restricted Assets:			
Temporarily restricted investments	2,645,404	2,234,607	4,880,011
Capital Assets:			
Capital assets not being depreciated	2,298,612	3,599,131	5,897,743
Capital assets being depreciated, net	8,080,178	9,163,883	17,244,061
Total assets	18,593,015	19,363,842	37,956,857
Deferred Outflows of Resources:			
Deferred amount on refunding	776,937	1,125,940	1,902,877
Total Assets and Deferred Outflows of Resources	19,369,952	20,489,782	39,859,734
Liabilities			
Accounts payable and accrued expenses	258,437	794,092	1,052,529
Accrued interest payable	394,474	422,189	816,663
Matured bonds payable	-	3,620,000	3,620,000
Matured interest payable	-	2,645,248	2,645,248
Unearned revenue	76,264	44,554	120,818
Customer deposits	14,348	298,530	312,878
Noncurrent Liabilities:			
Due within one year	1,715,000	1,530,026	3,245,026
Due in more than one year	15,998,358	18,323,746	34,322,104
Total liabilities	18,456,881	27,678,385	46,135,266
Net Position			
Net investment in capital assets	(6,557,631)	(9,584,818)	(16,142,449)
Restricted for debt service	2,250,930	2,004,235	4,255,165
Restricted for renewal and replacement	-	288,425	288,425
Unrestricted	5,219,772	103,555	5,323,327
Total net position	\$ 913,071	\$ (7,188,603)	\$ (6,275,532)

The Crossings at Fleming Island Community Development District
Statement of Activities
Year Ended September 30, 2023

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	\$ 279,479	\$ 250,628	\$ -	\$ (28,851)	\$ -	\$ (28,851)
Physical environment	1,891,360	1,670,393	-	(220,967)	-	(220,967)
Recreation	2,023,345	2,491,035	-	467,690	-	467,690
Interest on long-term debt	1,009,672	2,922,969	138,109	2,051,406	-	2,051,406
Total governmental activities	5,203,856	7,335,025	138,109	2,269,278	-	2,269,278
Business-type Activities:						
Water and sewer	5,836,786	6,632,664	-	-	795,878	795,878
Golf and restaurant	4,503,524	4,417,701	-	-	(85,823)	(85,823)
Total business-type activities	10,340,310	11,050,365	-	-	710,055	710,055
Total primary government	\$ 15,544,166	\$ 18,385,390	\$ 138,109	2,269,278	710,055	2,979,333
General Revenues:						
Investment and other income				225,020	189,136	414,156
Transfers				(103,105)	103,105	-
Total general revenues and transfers				121,915	292,241	414,156
Change in net position				2,391,193	1,002,296	3,393,489
Net position, beginning				(1,478,122)	(8,190,899)	(9,669,021)
Net assets, ending				\$ 913,071	\$ (7,188,603)	\$ (6,275,532)

Balance Sheet - Governmental Funds

September 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 883,571	\$ -	\$ 883,571
Investments	4,393,753	2,645,404	7,039,157
Accounts receivable	69,291	-	69,291
Inventory	39,808	-	39,808
Prepaid costs	44,171	-	44,171
Due from other funds	16,348	-	16,348
Advance to other fund	85,800	-	85,800
Deposits	36,079	-	36,079
Total assets	<u>\$ 5,568,821</u>	<u>\$ 2,645,404</u>	<u>\$ 8,214,225</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 258,437	\$ -	\$ 258,437
Unearned revenue	76,264	-	76,264
Deposits	14,348	-	14,348
Total liabilities	<u>349,049</u>	<u>-</u>	<u>349,049</u>
Fund Balances:			
Nonspendable	205,858	-	205,858
Restricted for debt service	-	2,645,404	2,645,404
Assigned for subsequent years' expenditures	-	-	-
Unassigned	5,013,914	-	5,013,914
Total fund balances	<u>5,219,772</u>	<u>2,645,404</u>	<u>7,865,176</u>
Total liabilities and fund balances	<u>\$ 5,568,821</u>	<u>\$ 2,645,404</u>	
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.			10,378,790
Deferred amounts on refunding are not financial resources and, therefore, are not reported in the funds.			776,937
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		(394,474)	
Bonds payable		(17,713,358)	(18,107,832)
Net position of governmental activities			<u>\$ 913,071</u>

The Crossings at Fleming Island Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2023

	General	Debt Service	Total Governmental Funds
Revenues			
Special assessments	\$ 3,704,178	\$ 2,922,969	\$ 6,627,147
Charges for services	707,878	-	707,878
Investment and other income	225,020	138,109	363,129
Total revenues	4,637,076	3,061,078	7,698,154
Expenditures			
Current:			
General government	241,859	-	241,859
Physical environment	1,464,579	-	1,464,579
Recreation	2,023,345	-	2,023,345
Debt Service:			
Interest	-	1,032,601	1,032,601
Principal	-	1,895,000	1,895,000
Capital outlay	443,317	-	443,317
Total expenditures	4,173,100	2,927,601	7,100,701
Excess (Deficit) of Revenues Over Expenditures	463,976	133,477	597,453
Other Financing Sources (Uses):			
Transfer out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	463,976	133,477	597,453
Fund balances, beginning of year	4,755,796	2,511,927	7,267,723
Fund balances, end of year	\$ 5,219,772	\$ 2,645,404	\$ 7,865,176

The Crossings at Fleming Island Community Development District
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**
Year Ended September 30, 2023

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

Net change in fund balances - total governmental funds		\$	597,453
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.			276,435
Depreciation on capital assets is not recognized in the governmental fund statement; however, it is reported as an expense in the statement of activities.			(363,004)
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.			1,895,000
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	36,010		
Amortization of bond discount	(13,081)		
Amortization of deferred amount on refunding	(37,620)		(14,691)
Change in net position of governmental activities		\$	<u><u>2,391,193</u></u>

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Special assessments	\$ 3,695,680	\$ 3,695,680	\$ 3,704,178	\$ 8,498
Charges for services	514,200	514,200	707,878	193,678
Investment and other income	16,000	16,000	225,020	209,020
Total revenues	4,225,880	4,225,880	4,637,076	411,196
Expenditures				
Current:				
General government	317,600	317,600	241,859	75,741
Physical environment	1,491,420	1,491,420	1,464,579	26,841
Recreation	1,934,500	1,934,500	2,023,345	(88,845)
Capital outlay	513,724	513,724	443,317	70,407
Total expenditures	4,257,244	4,257,244	4,173,100	84,144
Excess (Deficit) of Revenues Over Expenditures	(31,364)	(31,364)	463,976	495,340
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(31,364)	(31,364)	463,976	495,340
Fund balance, beginning	4,755,796	4,755,796	4,755,796	-
Fund balance, ending	\$ 4,724,432	\$ 4,724,432	\$ 5,219,772	\$ 495,340

The Crossings at Fleming Island Community Development District
Statement of Net Position - Proprietary Funds
September 30, 2023

	Enterprise Funds		
	Water and Sewer	Golf Course	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 657,793	\$ 149,885	\$ 807,678
Investments	5,254,557	98,068	5,352,625
Accounts receivable, net	296,685	36,848	333,533
Inventories	-	150,655	150,655
Prepaid expenses and deposits	-	58,485	58,485
Total current assets	6,209,035	493,941	6,702,976
Noncurrent Assets:			
Capital Assets:			
Land and improvements	20,332,769	3,598,831	23,931,600
Equipment and furniture	276,783	3,806,572	4,083,355
Less accumulated depreciation	(12,886,373)	(2,365,568)	(15,251,941)
Total noncurrent assets	7,723,179	5,039,835	12,763,014
Total assets	13,932,214	5,533,776	19,465,990
Deferred Outflows of Resources			
Deferred amount on refunding	1,125,940	-	1,125,940
Total Assets and Deferred Outflow of Resources	15,058,154	5,533,776	20,591,930
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	385,379	408,713	794,092
Accrued interest payable	391,829	30,360	422,189
Due to other funds	2,750	13,598	16,348
Customer deposits	298,530	-	298,530
Unearned revenue	-	44,554	44,554
Matured interest payable	-	2,645,248	2,645,248
Matured bonds payable	-	3,620,000	3,620,000
Bonds, notes and loans payable	960,000	570,026	1,530,026
Total current liabilities	2,038,488	7,332,499	9,370,987
Noncurrent Liabilities:			
Advance from other funds	-	85,800	85,800
Bonds, notes and loans payable	17,835,790	487,956	18,323,746
Total noncurrent liabilities	17,835,790	573,756	18,409,546
Total liabilities	19,874,278	7,906,255	27,780,533
Net Position			
Net investment in capital assets	(9,946,671)	361,853	(9,584,818)
Restricted for debt service	2,004,235	-	2,004,235
Restricted for other purposes	288,425	-	288,425
Unrestricted	2,837,887	(2,734,332)	103,555
Total net position	\$ (4,816,124)	\$ (2,372,479)	\$ (7,188,603)

The Crossings at Fleming Island Community Development District
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended September 30, 2023

	Enterprise Funds		
	Water and Sewer	Golf Course	Total
Operating Revenues			
Charges for services	\$ 6,632,664	\$ 4,417,701	\$ 11,050,365
Total operating revenues	6,632,664	4,417,701	11,050,365
Operating Expenses			
Water and sewer	4,418,325	-	4,418,325
Golf and restaurant	-	4,205,323	4,205,323
Depreciation	542,120	190,072	732,192
Total operating expenses	4,960,445	4,395,395	9,355,840
Operating income (loss)	1,672,219	22,306	1,694,525
Nonoperating Revenues (Expenses)			
Interest and investment revenue	185,778	3,358	189,136
Interest expense	(876,341)	(108,129)	(984,470)
Total nonoperating revenue (expenses)	(690,563)	(104,771)	(795,334)
Income (loss) before transfers	981,656	(82,465)	899,191
Capital contribution	-	103,105	103,105
Change in net position	981,656	20,640	1,002,296
Total net position, beginning	(5,797,780)	(2,393,119)	(8,190,899)
Total net position, ending	\$ (4,816,124)	\$ (2,372,479)	\$ (7,188,603)

The Crossings at Fleming Island Community Development District
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2023

	Water and Sewer	Golf Course	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 6,662,532	\$ 4,401,357	\$ 11,063,889
Payments to suppliers of goods and services	(4,406,222)	(4,255,757)	(8,661,979)
Net cash provided (used) by operating activities	2,256,310	145,600	2,401,910
Cash Flows from Capital and Related Financing Activities			
Principal paid on debt	(930,000)	(145,211)	(1,075,211)
Purchase of capital assets	(196,671)	(17,870)	(214,541)
Interest paid on debt	(797,429)	(47,409)	(844,838)
Net cash used by capital and related financing activities	(1,924,100)	(210,490)	(2,134,590)
Cash Flows from Investing Activities			
Interest earnings	185,778	3,358	189,136
Sale (purchase) of investments	(305,334)	(3,761)	(309,095)
Net cash provided (used) by investing activities	(119,556)	(403)	(119,959)
Net increase (decrease) in cash and cash equivalents	212,654	(65,293)	147,361
Cash and cash equivalents, beginning	445,139	215,178	660,317
Cash and cash equivalents, ending	\$ 657,793	\$ 149,885	\$ 807,678
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	\$ 1,672,219	\$ 22,306	\$ 1,694,525
Adjustments Not Affecting Cash			
Depreciation and amortization	542,120	190,072	732,192
Change in Assets and Liabilities			
(Increase) decrease in accounts receivable	12,413	(12,473)	(60)
(Increase) decrease in prepaids / inventory	-	(8,477)	(8,477)
Increase (decrease) in accounts payable	12,103	(41,957)	(29,854)
Increase (decrease) in customer deposits	17,455	-	17,455
Increase (decrease) in unearned revenue	-	(3,871)	(3,871)
Total adjustments	584,091	123,294	707,385
Net cash provided (used) by operating activities	\$ 2,256,310	\$ 145,600	\$ 2,401,910
Noncash Capital and Financing Activities:			
Contribution of capital assets from governmental activities	\$ -	\$ 103,105	\$ 103,105

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.

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. All balances are considered collectible at September 30, 2023. 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:

Assets	Years
Land improvements	10-20
Buildings	30
Stormwater system	30
Improvements other than buildings	40
Roadways and other	30
Equipment	5-10
Lease assets	4-5

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 assets 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 assets 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, 2023.

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 2023, 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 \$586,955 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 prices 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, 2023:

- Money market mutual funds of \$5,562,324 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, 2023 are summarized below.

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity
First American Government Obligation Fund-Class Y	\$ 3,524,425	AAAm	24 days
First American Government Obligation Fund-Class Z	2,037,899	AAAm	24 days
US Bank Money Market	97,834	n/a	n/a
Local Government Investment Pool:			
Florida Prime	6,731,624	AAAm	35 days
	<u>\$ 12,391,782</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, 2023, 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, 2023, 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, 2023 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$ 13,598
General	Water and Sewer	\$ 2,750
Advances:		
General	Golf Course	\$ 85,800

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, 2023, no payments were made to the General Fund.

During the year ended September 30, 2023, the water and sewer fund transferred \$196,671 to the golf course fund for capital purchases. Additionally, governmental activities contributed assets of \$103,105 to the golf fund.

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
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	<u>12,398,374</u>	<u>276,435</u>	<u>(2,000)</u>	<u>12,672,809</u>
Total capital assets, being depreciated	<u>12,398,374</u>	<u>276,435</u>	<u>(2,000)</u>	<u>12,672,809</u>
Less Accumulated Depreciation for:				
Improvements and equipment	<u>(4,231,627)</u>	<u>(363,004)</u>	<u>2,000</u>	<u>(4,592,631)</u>
Total accumulated depreciation	<u>(4,231,627)</u>	<u>(363,004)</u>	<u>2,000</u>	<u>(4,592,631)</u>
Total capital assets being depreciated, net	<u>8,166,747</u>	<u>(86,569)</u>	<u>-</u>	<u>8,080,178</u>
Governmental activities capital assets, net	<u><u>\$ 10,465,359</u></u>	<u><u>\$ (86,569)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,378,790</u></u>

Governmental activities depreciation expense is charged to physical environment.

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Disposals	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	3,599,131	-	-	3,599,131
Total capital assets, not being depreciated	3,599,131	-	-	3,599,131
Capital Assets Being Depreciated:				
Water and sewer facilities	20,424,770	196,671	(12,189)	20,609,252
Golf course and improvements	3,230,427	120,975	-	3,351,402
Improvements and equipment	107,569	-	-	107,569
Lease asset	347,601	-	-	347,601
Total capital assets, being depreciated	24,110,367	317,646	(12,189)	24,415,824
Less accumulated depreciation for:				
Water and sewer facilities	(12,356,442)	(542,120)	12,189	(12,886,373)
Golf course and improvements	(1,961,445)	(83,590)	-	(2,045,035)
Improvements and equipment	(107,569)	-	-	(107,569)
Lease asset	(106,482)	(106,482)	-	(212,964)
Total accumulated depreciation	(14,531,938)	(732,192)	12,189	(15,251,941)
Total capital assets being depreciated, net	9,578,429	(414,546)	-	9,163,883
Business-type activities capital assets, net	\$ 13,177,560	\$ (414,546)	\$ -	\$ 12,763,014

Depreciation of \$542,120 is charged to the water and sewer fund and \$190,072 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, 2023.

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, 2023 is \$23,543,850. For the year ended September 30, 2023, principal and interest of \$2,861,888 was paid. Special assessment revenue of \$2,855,634 was pledged for the year ended September 30, 2023.

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, 2023.

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, 2023 is \$1,355,753. For the year ended September 30, 2023, principal and interest of \$65,173 was paid. Special assessment revenue of \$67,335 was pledged for the year ended September 30, 2023.

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 an 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, 2023 is \$25,338,554. For the year ended September 30, 2023, principal and interest of \$1,727,429 was paid. Revenue of \$2,214,399 was pledged for the year ended September 30, 2023.

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 Bonds will become immediately due and payable.

Total principal and interest remaining on the Series 1999 Bonds at September 30, 2023 is \$7,216,598, which includes matured bonds payable of \$3,620,000 and matured interest payable of \$2,645,245. For the year ended September 30, 2023, no principal and interest was paid (\$420,000 of principal was added to matured bonds payable and \$74,580 of interest was added to matured interest payable). Revenue of \$4,417,701 was pledged for the year ended September 30, 2023.

At September 30, 2023, 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>
2024	\$ 1,715,000	\$ 946,738	\$ 1,405,000	\$ 784,445
2025	1,795,000	868,538	1,460,000	719,655
2026	1,880,000	779,288	1,020,000	683,475
2027	1,985,000	685,738	1,060,000	644,750
2028	2,085,000	586,700	1,095,000	601,344
2029 - 2033	5,085,000	1,591,638	6,195,000	2,250,994
2034 - 2038	1,275,000	946,400	7,660,000	710,241
2039 - 2043	1,745,000	482,713	-	-
2044 - 2046	420,000	26,850	-	-
	<u>\$ 17,985,000</u>	<u>\$ 6,914,603</u>	<u>\$ 19,895,000</u>	<u>\$ 6,394,904</u>

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Individual lease terms range from 48 to 60 months. These leases require monthly payments ranging from \$442 to \$7,349. The lease liability is measured at a discount rate of 2%, which is the District's incremental borrowing rate. As a result of the leases, the District has recorded a right to use asset with a net book value of \$136,637 at September 30, 2023.

Future minimum lease payments as of September 30, 2023, were as follows:

<u>Year Ending September 30,</u>	Business-Type Activities	
	Principal	Interest
2024	\$ 125,026	\$ 13,296
2025	12,956	46
	<u>\$ 137,982</u>	<u>\$ 13,342</u>

Long-term debt activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable:					
Series 2014	\$ 19,085,000	\$ -	\$ (1,875,000)	\$ 17,210,000	\$ 1,695,000
Discount	(284,723)	-	13,081	(271,642)	-
Series 2017	795,000	-	(20,000)	775,000	20,000
Governmental activity long-term liabilities	<u>\$ 19,595,277</u>	<u>\$ -</u>	<u>\$ (1,881,919)</u>	<u>\$ 17,713,358</u>	<u>\$ 1,715,000</u>
Business-Type Activities					
Bonds Payable:					
Water and sewer, series 2016	\$ 19,905,000	\$ -	\$ (930,000)	\$ 18,975,000	960,000
Discount	(186,918)	-	7,708	(179,210)	-
Golf course, series 1999	1,340,000	-	(420,000)	920,000	445,000
Lease liability	283,193	-	(145,211)	137,982	125,026
Business-type long-term liabilities	<u>\$ 21,341,275</u>	<u>\$ -</u>	<u>\$ (1,487,503)</u>	<u>\$ 19,853,772</u>	<u>\$ 1,530,026</u>

The \$420,000 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 \$3,200,000 which was also not paid, but accrued to matured bonds payable in prior years. At year end, total matured bonds payable is \$3,620,000.

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 employees manage and staff the recreation operations of the District. Such operations include management, marketing, operations and maintenance of the District's recreational assets.

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 \$7,000 per month. During fiscal year 2023, the District paid \$85,820 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 2023 and May 2024 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, 2023, which collectively comprise the District's financial statements and have issued our report thereon dated June 27, 2024.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 financial statements. 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 27, 2024. The District's response to our findings identified in our audit are 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 27, 2024

MANAGEMENT LETTER

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

Report on the Financial Statements

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, 2023, and have issued our report thereon dated June 27, 2024.

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.

Other 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 27, 2024, 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 #	2021-22 FY Finding #	2020-21 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 (Unaudited)

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 176.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 3.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$955,686.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$54,183.
- 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:
Golf facilities- \$103,103
Aquatic facilities- \$172,192
Reclaimed water- \$196,671
Security- \$74,793
- 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- \$127,369.18.
- b. The total amount of special assessments collected by or on behalf of the District as \$6,627,147.
- 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 27, 2024

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, 2023, 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, 2023, 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, 2023, 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.



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**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, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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, 2023.

McDermitt Davis

Orlando, Florida
June 27, 2024