

**LAKE ASBURY MUNICIPAL
SERVICE BENEFIT DISTRICT**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2022



LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of District Trustees
Lake Asbury Municipal Service Benefit District
Green Cove Springs, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of Lake Asbury Municipal Service District (the "District") as of and for the year ended September 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 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 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 generally accepted auditing standards 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 generally accepted auditing standards and Government Auditing Standards, 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 judgment, 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 and budgetary comparison information on pages 4–7 and 12 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 5, 2023 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, and 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 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 District's internal control over financial reporting and compliance

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, FL
June 5, 2023

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2022

Within this section of the Lake Asbury Municipal Service Benefit District's report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2022. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Significant Matters

Effective for the fiscal year beginning on October 1, 2010, the District increased the assessment per lot from \$100 to \$600 per year and eliminated the ad valorem tax.

These actions have enabled the District to obtain financing for major capital improvement projects. In June 2012, the District borrowed \$840,000, which was restricted for use for capital improvements. The Organization paid off the loan in February of 2019. There is no outstanding loan balance as of September 30, 2022. In fiscal year 2012, the District entered into a \$695,689 contract for capital improvements to the South Lake spillway. The capital improvements were completed in fiscal year 2014. In January 2016, the District entered into a \$30,405 contract for capital improvements to Lake Ryan. This contract was completed in April 2016.

Financial Highlights

A summary of revenues and expenditures on a government fund basis for the years ended September 30 is as follows:

	<u>2022</u>	<u>2021</u>
Special Assessments	\$ 267,600	\$ 268,200
Other	<u>922</u>	<u>620</u>
	<u>268,522</u>	<u>268,820</u>
Repairs & Maintenance	84,296	214,736
Debt Service	-	-
Other	<u>178,165</u>	<u>187,977</u>
	<u>262,461</u>	<u>402,713</u>
Excess of Revenues over Expenditures	<u>\$ 6,061</u>	<u>\$ (133,893)</u>

The District borrowed \$840,000 during 2012. The proceeds of the loan were restricted, per the loan agreement, to capital improvements. The \$840,000 capital improvement loan's annual installment is payable in June of each year with the first payment due in 2013. The Organization paid off the loan in February of 2019. There is no outstanding loan balance as of September 30, 2022.

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2022

As of September 30, total net position is comprised of:

	<u>2022</u>	<u>2021</u>
Cash	\$ 556,317	\$ 465,664
Other	-	8,600
Infrastructure	709,622	709,622
Land	<u>6,003</u>	<u>6,003</u>
Total Assets	<u>1,271,942</u>	<u>1,189,889</u>
Accounts Payable	<u>91,965</u>	<u>15,973</u>
Total Liabilities	<u>91,965</u>	<u>15,973</u>
Total Net Position	<u>\$ 1,179,977</u>	<u>\$ 1,173,916</u>

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. These basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

The first of these government-wide fund statements is the Statement of Net Position. This is the District's statement of position presenting information that includes all of the District's assets 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. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the lakes and dams in addition to the financial information provided in this report.

The second government-wide fund statement is the Statement of Activities which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash was received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities or functions on revenues provided by the taxpayers through special assessments.

The District utilizes its general fund to report all its activities which are principally supported by taxes.

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2022

Modified Approach to Infrastructure Assets

Lake Asbury Municipal Service Benefit District (LAMSBD) has elected to use the modified approach for infrastructure reporting and to account for maintenance of the dams in accordance with guidelines for earthen dams recommended by Florida's State Dam Safety Official (SDSO) and St. Johns River Water Management District (SJRWMD). This means that, in lieu of reporting depreciation on infrastructure, LAMSBD reports as preservation expense the costs associated with maintaining:

1. The earthen dam structures with a Slope Stability Factor of Safety of 1.4 (recommend changing to a Safety Factor of 1.5 or better)
2. Impoundment capacity to withstand overtopping conditions for a ½ Probable Maximum Precipitation (PMP) Storm, no pre-storm drawdown.
3. No seepage above the toe of the dam.
4. Impoundment capacity to withstand overtopping conditions for a ½ Probable Maximum Precipitation (PMP) Storm, 72-hour pre-storm drawdown.

Pursuant to best management practices, LAMSBD continues to plan for 50-year earthen dam upgrades for ever changing basin hydrology, correction for settlement dam cores, and improved slope safety. LAMSBD, in conjunction with current Engineering Advisory Board, is creating an updated Capital Improvement Plan and Maintenance Plan.

The Florida Department of Environmental Protection (FDEP) Dam Safety Division has utilized a FEMA Grant to initiate a comprehensive Inundation Study. The results of the study have been incorporated into the LAMSBD Emergency Action Plan (EAP), which has become part of the Clay County EAP. The results of the study may also be used to make adjustments to the LAMSBD Capital Improvement Plan. The FDEP Dam Safety Division contracted with the COMAK Group Inc. in association with Mott-McDonald Florida, LLC to perform the study. The No Dam Break Inundation Study has been completed and has been reviewed by the Engineering Advisory Group. The Dam Break Inundation Study was completed in 2021, but has not been peer-reviewed.

LAMSBD hired a new engineering firm in 2022 to provide all future surveying, inspection, geotechnical exploration, and testing, design, permitting, bidding, and construction phase services. A contractor was also hired to do monthly inspections and maintenance of all drawdown valves and structures for the North Lake Asbury, South Lake Asbury, and Lake Ryan. As of September 30, 2022, all operations of the valves have been restored, and the engineering firm has reviewed past studies, conducted field inspections of the dams, and coordinated with the State Dam Safety Officer and the St. Johns River Water Management District (SJRWMD) in order to meet regulatory compliance requirements for future North Lake spillway rehabilitation plans as requested by SJRWMD.

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2022

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses its funds to ensure and demonstrate compliance with finance-related laws and regulations. All the governmental operating activities of the District are reflected in the general fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to the understanding of the financial statements.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District at 276 Branscomb Rd, Green Cove Springs, Florida 32043.

FINANCIAL STATEMENTS

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Statement of Net Position

September 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 556,317
Prepaid Expenses	<u>-</u>
Total Current Assets	<u>556,317</u>
Infrastructure	709,622
Land	<u>6,003</u>
Total Noncurrent Assets	<u>715,625</u>
Total Assets	<u><u>\$ 1,271,942</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>\$ 91,965</u>
Total Current Liabilities	<u>91,965</u>
NET POSITION	
Invested in Capital Assets, net of related debt	\$ 715,625
Unrestricted	<u>464,352</u>
Total Net Position	<u><u>\$ 1,179,977</u></u>

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Statement of Activities and Changes in Net Position

Year ended September 30, 2022

Revenues	
Special Assessments	\$ 267,600
Interest Income	922
Miscellaneous Income	-
	<hr/>
Total Revenue	268,522
	<hr/>
Expenditures	
Personnel Services	5,260
Professional Services	126,568
Collection and Discounts	14,393
Accounting and Auditing	13,375
Other Contracted Support	5,269
Travel and Per Diem	344
Communications and Postage	540
Utilities	823
Insurance	9,817
Repairs and Maintenance	84,296
Legal Notices	629
Office Expense	597
Memberships & Subscriptions	550
	<hr/>
Total Expenditures	262,461
	<hr/>
Excess of Revenues over Expenditures	6,061
Net Position, Beginning	<hr/> 1,173,916
Net Position, Ending	<hr/> <hr/> \$ 1,179,977

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Balance Sheet - Governmental Fund

September 30, 2022

ASSETS

Cash	\$	556,317
Prepaid Expenses		<u>-</u>
Total Assets	\$	<u><u>556,317</u></u>

LIABILITIES

Current Liabilities		
Accounts Payable	\$	<u><u>91,965</u></u>

FUND BALANCE

Reserved for:		
Reserved for prepaids		-
Unreserved		
Undesignated		464,352
Total Fund Balance	\$	<u><u>464,352</u></u>

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Reconciliation of the Balance Sheet of the
Governmental Fund to the Statement of Net Position
September 30, 2022

Fund Balance - Total Governmental Funds \$ 464,352

Amounts reported in 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 governmental funds:

Capital Assets 715,625

Net Position of the Governmental Funds \$ 1,179,977

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Governmental Fund
Year ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Special Assessments	267,000	267,000	267,600	600
Interest Income	1,000	1,000	922	(78)
Miscellaneous Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Revenue	 <u>268,000</u>	 <u>268,000</u>	 <u>268,522</u>	 <u>522</u>
Expenditures				
Personnel Services	5,400	5,400	5,260	(140)
Professional Services	56,000	56,000	126,568	70,568
Accounting and Auditing	10,000	10,000	13,375	3,375
Other Contracted Support	1,460	1,460	5,269	3,809
Travel and Per Diem	600	600	344	(256)
Communications and Postage	700	700	540	(160)
Utilities	550	550	823	273
Insurance	8,250	8,250	9,817	1,567
Repairs and Maintenance	126,100	126,100	84,296	(41,804)
Legal Notices	350	350	629	279
Office Expense	1,000	1,000	597	(403)
Memberships & Subscriptions	175	175	550	375
Commissions & Discounts	14,100	14,100	14,393	293
Capital Outlay	<u>508,000</u>	<u>508,000</u>	<u>-</u>	<u>(508,000)</u>
 Total Expenditures	 <u>732,685</u>	 <u>732,685</u>	 <u>262,461</u>	 <u>(470,224)</u>
 Excess of Revenues over Expenditures	 (464,685)	 (464,685)	 6,061	 470,746
 Fund Balance, Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ (464,685)</u>	 <u>\$ (464,685)</u>	 <u>\$ 6,061</u>	 <u>470,746</u>

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the year ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	6,061
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Amounts reported for Governmental Activities in
the Statement of Net Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of capital
assets is allocated over their estimated useful lives and
reported as assets.

Capital Expenditures	_____	-
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Change in Net Position	\$	<u>6,061</u>
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See accompanying notes to financial statements.

Lake Asbury Municipal Service Benefit District

Notes to Financial Statements

September 30, 2022

NOTE 1 Summary of Significant Accounting Policies

The accounting policies of Lake Asbury Municipal Service Benefit District (the “District”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies of the District.

Reporting Entity

The District is a special district created by 1986 House Bill 696 of the State of Florida Legislature for the purpose of continuing maintenance of the lakes and dams known as Lake Asbury, South Lake Asbury and Lake Ryan in Clay County, Florida. It is composed of nine members (trustees) residing within the District who are qualified electors of the State of Florida.

The accompanying financial statements include all funds, agencies and boards that are controlled by, or are dependent on, the District.

Governmental Accounting Standards Board (GASB) Statement Number 14, “Financial Reporting Entity”, as amended, requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the officials of the primary government are financially accountable. Based on the criteria established in GASB Statement Number 14, there are no component units required to be included in the District’s financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The District’s governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

Lake Asbury Municipal Service Benefit District

Notes to Financial Statements

September 30, 2022

NOTE 1 Summary of Significant Accounting Policies (cont.)

Fund Types and Major Funds

Governmental Funds

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Budgets and Budgetary Accounting

The District prepares a budget for its General Fund - Statement of Revenues and Expenditures on a consistent basis, which does not differ materially from generally accepted accounting principles. The budget and amendments are approved by the District.

Infrastructure Assets

The District has elected to use the “modified approach” to account for certain infrastructure assets, as provided in GASB Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.

Under this process, the District is not required to record depreciation expense as long as certain requirements are met. Utilization of this approach requires the District to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the government, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels.

Dams and spillways maintained by the District are accounted for using the modified approach.

Encumbrances

Encumbrance accounting is not used by the District.

Vacation and Sick Pay

The District has one part-time employee and has no formal vacation and/or sick pay policy which would require accumulation of these benefits.

Lake Asbury Municipal Service Benefit District

Notes to Financial Statements

September 30, 2022

NOTE 2 Cash

All cash resources of the District are entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280).

NOTE 3 Fixed Assets

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and are reported in the financial statements. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives is not capitalized. The District's capital assets consist of land and infrastructure.

NOTE 4 Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance			Balance
	9/30/2021	Additions	Deletions	9/30/2022
Infrastructure	\$ 709,622	\$ -	\$ -	\$ 709,622
Land	<u>6,003</u>	<u>-</u>	<u>-</u>	<u>6,003</u>
Total Capital Assets	<u>\$ 715,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,625</u>

NOTE 5 Special Assessments

The Clay County Tax Collector bills and collects special assessments for the District as well as property taxes for all of Clay County, Florida. Special assessments are recognized when levied, to the extent that they result in current receivables. At September 30, 2022, there was no special assessment taxes receivable by the District.

Real property taxes, special assessment taxes, and tangible personal property taxes are assessed by the Clay County Property Appraiser according to just values on January 1st of each year. Taxes, including special assessments are due and payable on November 1st of each year or as soon thereafter as the assessment roll comes into the hands of the Clay County Tax Collector. Taxes and special assessments on real property may be prepaid in four quarterly installments beginning no later than June 30th of the year in which assessed. Taxes, including special assessments, become delinquent on April 1st following the year in which assessed.

Delinquent taxes and special assessments are subject to collection through the sale of tax certificates on real property and the issuance of warrants for seizure and sale of tangible personal property. If there is no sale of tax certificates, a certificate is issued in the name of the County.

Lake Asbury Municipal Service Benefit District
Notes to Financial Statements
September 30, 2022

NOTE 6 Subsequent Events

Subsequent events have been evaluated through June 5, 2023 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Lake Asbury Municipal Service Benefit District
Infrastructure Assets Reported Using the Modified Approach
September 30, 2022

The following table summarizes the rating given to each dam related to its ability to meet the four criteria listed on Page 6. The rating is between 0 and 100. The overall system is the average of the ratings for each dam.

The ratings for each criteria are shown below.

Criteria #	Rating	Rating	Rating
	North Lake Asbury Dam	South Lake Asbury Dam	Lake Ryan Dam
1	100	100	100
2	0	50	50
3	50	100	50
4	100	100	100
Average for each Dam	62.5	87.5	75

Since each dam must stand alone there is no calculation for a “system average”.

The ratings provided are based, in part, on engineering studies/reports developed or completed in 2020/2021. Some of these studies have not been peer-reviewed. This will be tasked to the District’s consulting engineer and Engineering Advisory Group. The studies are listed below.

- Report of Dam Assessment for Lake Asbury, South Lake Asbury and Lake Ryan Dams. September 2020, Jackson Geotechnical Engineering LLC (**Jackson, 2020**)
- Lake Drawdown Analysis for Lake Asbury, South Lake Asbury, Lake Ryan and Lake Larc. October 2020, Toco Engineering LLC (**Tocoi, 2020**)
- Inundation Modeling and Mapping for Lake Asbury Dams, Lake Asbury Municipal Services Benefit District, Green Cove Springs. Clay County, Florida: July 2020, Florida Department of Environmental Protection, Florida Dam Safety Program, Division of Water Resources. [*This study was conducted by the FDEP for the benefit of LAMSBD*]
- Report of Geotechnical Exploration Lake Asbury Dam Stability Analysis, Lake Asbury, Florida. February 2021. Jackson Geotechnical Engineering LLC (**Jackson, 2021**)

The District used the services of the then District Engineer, Toco Engineering LLC and Jackson Geotechnical Engineering LLC to assess the infrastructure conditions during 2020. During the year 2020 the District Engineer and the Geotechnical Engineer made several visual assessments of the dams. Additionally, a review of the video results of pressure tests conducted in recent years on the existing drawdown pipes (South Lake Asbury Dam) was performed; however, this review will need to be conducted again due to the poor quality of the video in those reports and issues regarding the methodology of the testing. These assessments suggested the need for further detail investigations of the conditions of the dams and spillways. LAMSBD has issued contracts for the preliminary study of drawdown requirements and conceptual drawings of the drawdown devices.

Lake Asbury Municipal Service Benefit District
Infrastructure Assets Reported Using the Modified Approach
September 30, 2022

In 2020, based on the results of visual observations, review of previous tests and new engineering reports, the dams and spillways do not appear to be in good or better condition.

Criteria #1: The results of **Jackson 2021** show that Criteria #1 (Slope Stability Factor) is being met by each dam.

Criteria #2: With no draw down allowed for this criteria, only the South Lake Asbury and Lake Ryan Dams partially meet this criteria.

Criteria #3: Seepage has been noted during site visits above the toe of the dam in the Lake Asbury and Lake Ryan Dams; therefore, Criteria #3 is only met by one of the dams in the system. Seepage in the Lake Asbury and Lake Ryan Dams is moderate, but needs to be addressed in the Capital Improvement Plan.

Criteria #4: Each dam meets the requirements for Criteria #4 at this time.

Pursuant to best management practices LAMSBD continues to plan for 50-year earthen dam upgrades for ever changing basin hydrology, correction for settlement dam cores, and improved slope safety. LAMSBD, in conjunction with current Engineering Advisory Board, is creating an updated Capital Improvement Plan and Maintenance Plan.

For the year ending September 30, 2022, Lake Asbury Municipal Service Benefit District estimated the cost of maintaining and preserving its dams and spillways in good or better condition to be \$126,100. The actual costs incurred to keep these infrastructure assets in good or better condition was \$84,296.

The budget-to-actual expenditures for infrastructure maintenance for the past five years are as follows:

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>
2022	\$126,100	\$ 84,296
2021	\$ 78,000	\$150,275
2020	\$ 73,000	\$ 30,095
2019	\$ 67,000	\$ 44,125
2018	\$ 52,092	\$ 14,157

AUDITOR GENERAL REQUIREMENTS



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Board of District Trustees
Lake Asbury Municipal Service Benefit District
Green Cove Springs, Florida

Report on Financial Statements

We have audited the financial statements of Lake Asbury Municipal Service Benefit District (the "District"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 5, 2023.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report(s) on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, if any, which is dated June 5, 2023, 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 annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

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. The District is a special district created by 1986 House Bill 696 of the State of Florida Legislature for the purpose of continuing maintenance of the lakes and dams known as Lake Asbury, South Lake Asbury and Lake Ryan in Clay County, Florida. It is composed of nine members (trustees) residing within the District who are qualified electors of the State of Florida.

Financial Condition & Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report 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 identification of the specific conditions met. In connection with our audit, we determined that the 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 10.554(1)(i)5.b(1), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as one.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$4,882.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.

Specific Information (Continued)

- 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 none.
- 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 adopted budget under Section 189.016(6), Florida Statutes, as \$470,746.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Magers & Associates, LLC

Orange Park, FL
June 5, 2023

**INDEPENDENT AUDITORS' 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**

The Board of District Trustees
Lake Asbury Municipal Service Benefit District
Green Cove Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Asbury Municipal Service Benefit District (the "District"); as of and for the year ended September 30, 2022, and the related notes to the financial statements and have issued our report thereon dated June 5, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

Magers & Associates, LLC

Orange Park, FL
June 5, 2023