



St. Johns Improvement District

FINANCIAL STATEMENTS

September 30, 2022



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Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, FL 32940

321.255.0088
386.336.4189 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
St. Johns Improvement District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the St. Johns Improvement 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 and major fund of the St. Johns Improvement District, as of September 30, 2022, and the respective changes in financial position 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the St. Johns Improvement 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 St. Johns Improvement 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.

Auditors' 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 St. Johns Improvement 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 St. Johns Improvement 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 the postemployment benefits and net pension liability supplementary information, as noted in the table of contents, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2023, on our consideration of the St. Johns Improvement 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 St. Johns Improvement 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 the St. Johns Improvement District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 6, 2023

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St. Johns Improvement District Management's Discussion and Analysis

Management's discussion and analysis of the St. Johns Improvement District (the "District"), financial performance provides an objective and easily readable analysis of the District's financial activities for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements (beginning on page 15).

Overview of the Financial Statements

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These statements present an overall picture of the District's financial position and results of operations. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's financial position in a manner similar to a private-sector business. They include a Statement of Net Position and a Statement of Activities. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by assessments.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Net position is reported in three categories: 1. net investment in capital assets, 2. restricted, and 3. unrestricted. 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 (e.g., uncollected invoices and earned but unused vacation leave). To assist in understanding the District's operations, expenses have been reported as governmental activities and include physical environment and debt service.

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 one fund category: Governmental 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 the District's near-term financing requirements.

St. Johns Improvement District Management's Discussion and Analysis

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

The District maintains one governmental fund, the General Fund. 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.

Financial Highlights

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7,625,768 (net position). Of this amount, \$742,994 (unrestricted net position) may be used to meet the government's ongoing obligations to creditors.
- The government's total net position decreased by \$49,978.
- As of the close of the current fiscal year, the St. Johns Improvement District's governmental fund reported ending fund balance of \$1,234,841, a decrease of \$64,105 in comparison with the prior year. Unassigned fund balance for the General Fund was \$861,489, or 35.94% of total general fund expenditures, excluding capital outlay.

Government-Wide Financial Analysis

Statement of Net Position. The District's net position for the years ending 2022 and 2021 was \$7,625,768 and \$7,675,746 respectively, which is an decrease of \$49,978. A large portion of the District's net position (90.26%) reflects its investment in capital assets, less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to manage the District's surface waters and land area, these assets are not available for future spending. Although the District's investment in its 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.

St. Johns Improvement District Management's Discussion and Analysis

	Net Position	
	Governmental Activities	
	2022	2021
Assets		
Current and other assets	\$ 1,372,827	\$ 1,421,016
Capital assets, net	7,664,073	7,771,543
Total assets	9,036,900	9,192,559
Deferred outflows of resources:		
Deferred outflows related to pensions	209,694	178,855
Deferred outflows related to OPEB ¹	6,273	4,877
Total deferred outflows of resources	215,967	183,732
Liabilities		
Current liabilities	145,241	130,526
Noncurrent liabilities	1,459,455	1,191,485
Total liabilities	1,604,696	1,322,011
Deferred inflows of resources:		
Deferred inflows related to pensions	22,403	378,534
Total deferred inflows of resources	22,403	378,534
Net position		
Investment in capital assets	6,882,774	6,860,866
Unrestricted	742,994	814,880
Total net position	\$ 7,625,768	\$ 7,675,746

¹ OPEB: Other Post-Employment Benefits.

The increase in pension outflows and decrease in pension inflows reflects the turbulence experience by investments in 2022 by FRS (Florida Retirement System).

The increase in current liabilities is reflective of having received materials for projects later than anticipated due to supply chain issues and the invoices being open and current at year end. The increase in noncurrent liabilities is primarily due to the increase in Net Pension Liability as determined by FRS.

The unrestricted net position decreased by \$71,886.

Statement of Activities. The revenues of the District decreased as a result of the decrease in the per acre assessment, which went from \$123.00 per acre to \$113.00 per acre. This decrease was due to a Board directive.

The gain on the sale of fixed assets reflects the trade in of a piece of equipment for a different model that was a better fit for our needs.

St. Johns Improvement District Management's Discussion and Analysis

Physical environment increased from the prior year primarily due to the increase in fuel costs

	Change in Net Position Governmental Activities	
	2022	2021
Revenues:		
Program revenues	\$ 2,852,929	\$ 3,092,728
Investment income and miscellaneous	33,034	20,191
Gain on sale of fixed assets	18,793	36,120
Total revenues	2,904,756	3,149,039
Expenses:		
Physical environment	2,919,938	2,723,456
Interest on long-term debt	34,796	38,172
Total expenses	2,954,734	2,761,628
Change in net position	(49,978)	387,411
Net position:		
Beginning of year	7,675,746	7,288,335
End of year	\$ 7,625,768	\$ 7,675,746

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to financial statements can be found starting on page 23 of this report.

General Fund Budgetary Highlights

The District's primary budgetary income source is through the annual per acre assessment levied against landowners within the jurisdictional area represented by the District. The total annual per acre assessment for the period ending September 30, 2022, was \$113.00 per acre or portion thereof. This assessment is levied against 25,211.88 acres. District's assessments are collected through the local county tax collection office. For the fiscal year end September 30, 2022, approximately 96.77% of the District's annual budgeted revenue came from this assessment source. Historically, the balance of the remaining annual budgeted revenues come from a variety of revenues sources; including the land management activities associated with the alligator harvesting agreement and the FCC stormwater fees.

Total expenditures for the year ending 2022 came in approximately \$300,382 less than budgeted.

St. Johns Improvement District Management's Discussion and Analysis

Capital Assets

At September 30, 2022, the District's investment in capital assets amounted to \$7,664,073 (net of accumulated depreciation). This amount represents a net decrease of \$107,470 after fiscal year total depreciation of \$679,070 for the year ending September 30, 2022. This is a result of the District having more depreciation than additions.

Long-Term Debt

During 2022, the District paid \$29,247 of interest on the loan obtained in fiscal year 2021. A principal payment was made in the amount of \$129,378. The Line of Credit remained unused, however renewal fees of \$6,750 were paid to extend the line of credit to fiscal year 2024.

Economic Factors and Next Year's Budget

Ownership changes continue to be seen within the District. FPL has purchased additional lands and are developing their fifth and sixth solar energy centers. FPL and Epic Estates are now the largest landowners in the District. The planned interchange at I-95 and Oslo Rd saw many county residents attending public Q&A sessions held by the county. The interchange project begins construction in 2023.

The assessment per acre is budgeted to increase in fiscal year 2023 to \$151.00 per acre. This increase represents an approximately \$950,000 increase in the overall budget for the coming fiscal year. This increase was necessary due to the steep rise in diesel fuel (a major component of the budget), as well as increased costs of labor and parts due to inflation, and anticipation of a continued inflationary environment.

Requests for Information

This financial report is designed to provide a general overview of the St. Johns Improvement District's finances for all those with an interest in the District's finances. Questions concerning any of the information should be addressed to the Administrator's office at 905 122nd Ave SW; Vero Beach, Florida 32968.

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St. Johns Improvement District
Basic Financial Statements

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St. Johns Improvement District
Statement of Net Position

<i>September 30, 2022</i>	Primary Government
Assets	
Cash and cash equivalents	\$ 966,913
Receivables	32,562
Inventory	362,660
Prepaid items	10,692
Capital assets	
Non-depreciable	1,369,751
Depreciable, net	6,294,322
Total assets	9,036,900
Deferred Outflows of Resources	
Deferred outflows related to other post-employment benefits	6,273
Deferred outflows related to pensions	209,694
Total deferred outflows of resources	215,967
Liabilities	
Accounts payable	129,686
Accrued liabilities	5,387
Accrued interest	7,255
Unearned revenue	2,913
Non-current liabilities	
Due within one year	
Compensated absences	9,589
Notes payable	133,583
Due in more than one year	
Other post-employment benefits	12,469
Net pension liability	656,098
Notes payable	647,716
Total liabilities	1,604,696
Deferred Inflows of Resources	
Deferred inflows related to pensions	22,403
Total deferred inflows of resources	22,403
Net Position	
Net investment in capital assets	6,882,774
Unrestricted	742,994
Total net position	\$ 7,625,768

The accompanying notes are an integral part of this financial statement.

St. Johns Improvement District Statement of Activities

<i>For the year ended September 30, 2022</i>					Program Revenues	Primary Government
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)	Revenue and Changes in Net Position
Physical environment	\$ 2,919,938	\$ 2,847,721	\$ 5,208	\$ -	\$	(67,009)
Interest on long term debt	34,796	-	-	-	-	(34,796)
Total governmental activities	\$ 2,954,734	\$ 2,847,721	\$ 5,208	\$ -		(101,805)

General revenues	
Investment income and miscellaneous	33,034
Gain on sale of fixed assets	18,793
Total general revenues	51,827
Change in net position	(49,978)
Net position, beginning of year	7,675,746
Net position, end of year	\$ 7,625,768

The accompanying notes are an integral part of this financial statement.

**St. Johns Improvement District
Balance Sheet – Governmental Fund**

<i>September 30, 2022</i>	General
Assets	
Cash and cash equivalents	\$ 966,913
Accounts receivable	32,562
Inventory	362,660
Prepaid items	10,692
<hr/>	
Total assets	\$ 1,372,827
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Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 129,686
Accrued liabilities	5,387
Unearned revenue	2,913
<hr/>	
Total liabilities	137,986
<hr/>	
Fund balances	
Nonspendable	
Inventory and prepaid items	373,352
Unassigned	861,489
<hr/>	
Total fund balances	1,234,841
<hr/>	
Total liabilities and fund balances	\$ 1,372,827
<hr/>	

The accompanying notes are an integral part of this financial statement.

St. Johns Improvement District
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position

September 30, 2022

<hr/> Total fund balances - governmental funds		\$ 1,234,841
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reporting in the funds.</p>		
Governmental capital assets	19,279,136	
Less accumulated depreciation	(11,615,063)	7,664,073
<p>Deferred amounts are reported on the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the fund. Those deferred amounts consist of:</p>		
Deferred outflows related to pensions		209,694
Deferred inflows related to pensions		(22,403)
Deferred outflows related to other post-employment benefits		6,273
<p>Long-term liabilities, including total OPEB liability, net pension liability, compensated absences, and accrued interest are not due and payable in the current period and, therefore, are not reported at the fund level.</p>		
Net pension liability	(656,098)	
Notes payable	(781,299)	
Compensated absences	(9,589)	
Other post-employment benefits	(12,469)	
Accrued interest	(7,255)	(1,466,710)
Net position of governmental activities		\$ 7,625,768

The accompanying notes are an integral part of this financial statement.

St. Johns Improvement District
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Fund

For the year ended September 30, 2022

General

Revenues	
Special assessments	\$ 2,792,633
Licenses and permits	46,822
Interest earnings	14,030
Intergovernmental	13,474
Miscellaneous	19,004
Total revenues	2,885,963
Expenditures	
Current:	
Salaries, wages and benefits	727,802
Fuel, grease and oil	849,511
Repair and maintenance	111,530
Professional services	159,396
Insurance	90,118
Utilities	19,985
Supplies	255,673
Rental and leases	17,146
Permit and state fees	725
Debt service	
Principal	129,378
Interest	35,997
Capital outlay	571,600
Total expenditures	2,968,861
Excess (deficiency) of revenues over (under) expenditures	(82,898)
Other Financing Sources	
Proceeds from sale of capital assets	18,793
Total other financing sources	18,793
Net change in fund balances	(64,105)
Fund balances, beginning of year	1,298,946
Fund balances, end of year	\$ 1,234,841

The accompanying notes are an integral part of this financial statement.

St. Johns Improvement District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of Governmental Fund to the Statement of Activities

For the year ended September 30, 2022

Net change in fund balance - total governmental funds	\$ (64,105)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$679,070 exceeded capital outlay of \$571,600 in the current period.</p>	(107,470)
<p>Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	129,378
<p>Interest payable on long-term debt that is not due and payable in the current period is not recorded in the governmental funds, but increases interest expense in the statement of activities.</p>	1,201
<p>Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.</p>	5,105
<p>Other post-employment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds. This is the amount by which the required financial resources changed in the current period.</p>	6,820
<p>Cash pensions contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore decrease net position.</p>	(20,907)
Change in net position of governmental activities	\$ (49,978)

The accompanying notes are an integral part of this financial statement.

St. Johns Improvement District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 2,746,074	\$ 2,746,074	\$ 2,792,633	\$ 46,559
Licenses and permits	-	-	46,822	46,822
Interest earnings	-	-	14,030	14,030
Intergovernmental	16,950	16,950	13,474	(3,476)
Miscellaneous	87,000	87,000	19,004	(67,996)
Total revenues	2,850,024	2,850,024	2,885,963	35,939
Expenditures				
Current:				
Salaries, wages and benefits	774,340	774,340	727,802	46,538
Fuel, grease and oil	896,200	896,200	849,511	46,689
Repair and maintenance	312,340	312,340	111,530	200,810
Professional services	187,821	194,621	159,396	35,225
Insurance	124,718	124,718	90,118	34,600
Utilities	27,200	27,200	19,985	7,215
Supplies	235,852	235,852	255,673	(19,821)
Rental and leases	22,200	22,200	17,146	5,054
Permit and state fees	-	-	725	(725)
Debt service				
Line of credit	1	1	-	1
Principal	129,378	129,378	129,378	-
Interest	37,722	37,722	35,997	1,725
Capital outlay	322,005	514,671	571,600	(56,929)
Total expenditures	3,069,777	3,269,243	2,968,861	300,382
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(219,753)	(419,219)	(82,898)	336,321
Other Financing Sources				
Proceeds from sale of capital assets	-	-	18,793	18,793
Total other financing sources	-	-	18,793	18,793
Net change in fund balance	(219,753)	(419,219)	(64,105)	355,114
Fund balance, beginning of the year	1,298,946	1,298,946	1,298,946	-
Fund balance, end of year	\$ 1,079,193	\$ 879,727	\$ 1,234,841	\$ 355,114

The accompanying notes are an integral part of this financial statement.

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St. Johns Improvement District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Johns Improvement District (the “District”), was incorporated in 1962 by decree of the Circuit Court of the Ninth Judicial Circuit in Indian River County under Florida Statutes (Chapter 298.01), and consists of landowners who receive the benefit of water management and are assessed taxes on a per acre basis of the areas within District Boundaries. On June 26, 2007, the St. Johns Water Control District was renamed and converted from a single-purpose Water Control District, to a multiple-purpose Improvement District by legislative approval and signature of the Governor. As a multiple-purpose improvement district, the District is governed primarily by Chapter 189 of the Florida Statutes, and as such, the District has the statutory power to build and maintain every type of municipal infrastructure and provide any kind of municipal service that a county or district would provide, with the exceptions of public safety, and zoning changes, which must be in compliance with the adopted comprehensive plan administered by the county. Improvements and services provided are for the exclusive benefit of the landowners and are paid for by them through annual land assessments. The District is empowered to sell bonds to pay for capital improvements, and is authorized to create units of development within the District.

Reporting Entity

The District is a multi-purpose improvement district governed by a three-member Board of Supervisors (the “Board”). The accompanying financial statements present the District. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the District are described below.

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 nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

St. Johns Improvement District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Special Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund.

St. Johns Improvement District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All account and tax receivables are shown net of allowance for uncollectible accounts.

Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of fuel. The cost of such inventory is recorded as expenditures/expenses when purchased.

St. Johns Improvement District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of five years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	39
Equipment and vehicles	5-10
Bridges, culverts, roads	15
Intangibles	5-10
Infrastructure	7-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

St. Johns Improvement District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The District has two items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to other post-employment benefits* and the *deferred outflows related to pensions*, both of which are reported in the government-wide statement of net position. The *deferred outflows related to other post-employment benefits* are an aggregate of items related to other post-employment benefits as calculated in accordance with GASB Codification Section P52: *Other Post-employment Benefits*, and result from the change in assumptions and will be amortized in future years. The *deferred outflows related to other post-employment benefits* will be recognized as either group health insurance expense or a reduction in the net OPEB liability in future reporting years. The *deferred outflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The *deferred outflows related to pensions* will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has one item that qualifies for reporting as deferred inflows of resources, the *deferred inflows related to pensions*, reported in the government-wide statement of net position. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The *deferred inflows related to pensions* will be recognized as a reduction to pension expense in future reporting years.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service upon the approval of the Administrator. The liability for such leave is reported as incurred in the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize principal payments during the current period. The face amount of debt issued is reported as other financing sources.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Defined Benefit Pension Plans

The District participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The District's employer contributions are recognized when due, and the District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan.

Categories and Classification of Fund Equity

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the 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 a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

St. Johns Improvement District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. 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.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Special Assessments – The District's taxpayer assessment revenue (non ad-valorem) is levied through the Indian River County Tax Collector based on the approved budget submitted to the County by the District on or before July 1 of each tax year. The assessment is included in the County's property tax levy which begins each November 1, and becomes a lien on the first day of the levy year, and is due on or before March 31. Discounts are allowed for early payment. The special assessment rate assessed by the District for the year ended September 30, 2022 was \$113 per acre or portion thereof.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 6, 2023.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

St. Johns Improvement District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The District is evaluating the requirements of the above statement and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2022, \$250,000 of the District's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the District places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**St. Johns Improvement District
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	Beginning Balance	Transfer/ Increases	Transfer/ Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,344,263	\$ 25,488	\$ -	\$ 1,369,751
Total capital assets, not being depreciated	1,344,263	25,488	-	1,369,751
Capital assets, being depreciated				
Infrastructure	13,165,721	243,987	-	13,409,708
Intangibles	46,554	-	-	46,554
Buildings	579,270	71,215	-	650,485
Bridges culverts & roads - other costs	1,671,210	-	-	1,671,210
Equipment and vehicles	2,028,655	230,910	(128,137)	2,131,428
Total capital assets, being depreciated	17,491,410	546,112	(128,137)	17,909,385
Less accumulated depreciation for				
Infrastructure	(7,644,788)	(529,838)	-	(8,174,626)
Intangibles	(23,277)	(4,655)	-	(27,932)
Buildings	(210,073)	(12,981)	-	(223,054)
Bridges culverts & roads - other costs	(1,525,677)	(15,300)	-	(1,540,977)
Equipment and vehicles	(1,660,315)	(116,296)	128,137	(1,648,474)
Total accumulated depreciation	(11,064,130)	(679,070)	128,137	(11,615,063)
Total capital assets being depreciated, net	6,427,280	(132,958)	-	6,294,322
Governmental activities capital assets, net	\$ 7,771,543	\$ (107,470)	\$ -	\$ 7,664,073

Depreciation expense for the year ended September 30, 2022 was \$679,070.

Long-Term Debt and Liabilities

Line of Credit

The District has a line of credit up to \$650,000 that expired September 14, 2022, that had a floating interest rate per annum of LIBOR plus 2.53%. There was \$0 outstanding at September 30, 2022 on the line of credit. The line of credit was renewed in September (prior to fiscal year end) for an additional two years (expiring Septemeber 2024).

St. Johns Improvement District Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Notes Payable

On June 14, 2019 the District entered into a \$1,400,000 note with Synovus bank with a maturity date of June 1, 2029. The interest rate was fixed at 3.25%. Principal payment is due annually starting on June 1, 2020 and interest is due semiannually on January 1 and June 1 of each year. Interest of \$29,247 was paid on this note during the year ended September 30, 2022. The note is secured by available future special assessment levies issued by the district. At September 30, 2022 the outstanding balance on the note was \$781,299. In the event of default all principal and interest of the note will become immediately due and payable.

The following is a summary of governmental activities notes payable, direct borrowing, for the year ended September 30, 2022:

<i>Year ending September 30,</i>	Governmental Activities	
	Series 2019 Note	
	Principal	Interest
2023	\$ 133,583	\$ 25,392
2024	137,924	21,051
2025	142,407	16,568
2026	147,035	11,940
2027	151,813	7,161
2028-2031	68,537	2,227
Total	781,299	84,339
Current portion	(133,583)	(25,392)
Payable after one year	\$ 647,716	\$ 58,947

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable					
Series 2019 Note	\$ 910,677	\$ -	\$ (129,378)	\$ 781,299	\$ 133,583
Compensated absences	14,694	21,921	(27,026)	9,589	9,589
Governmental activity					
long-term liabilities	\$ 925,371	\$ 21,921	\$ (156,404)	\$ 790,888	\$ 143,172

**St. Johns Improvement District
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities (Continued)

Compensated absences, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities.

Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities
Capital assets (net)	\$ 7,664,073
Outstanding debt related to capital assets	(781,299)
Net investment in capital assets	\$ 6,882,774

Note 3: RETIREMENT PLANS

Description of Plans

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Note 3: RETIREMENT PLANS (Continued)

Description of Plans (Continued)

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan.

The employer's contribution rates as of September 30, 2022, were as follows:

	FRS	HIS
Regular class	10.25%	1.66%
Senior management service class	29.91%	1.66%

The employer's contributions for the year ended September 30, 2022, were \$60,967 to the FRS Pension Plan and \$7,226 to the HIS Program.

**St. Johns Improvement District
Notes to Financial Statements**

Note 3: RETIREMENT PLANS (Continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2022, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2022. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

		FRS		HIS
Net Pension Liability	\$	529,042	\$	127,056
Proportion at:				
Current measurement date		0.0014%		0.0012%
Prior measurement date		0.0014%		0.0012%
Pension expense	\$	84,940	\$	4,293

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 25,126	\$ -	\$ 3,856	\$ (559)
Change of assumptions	65,153	-	7,283	(19,655)
Net difference between projected and actual earnings on pension plan investments	34,933	-	184	-
Changes in proportion and differences between District pension plan contributions and proportionate share of contributions	45,084	(257)	10,880	(1,932)
District pension plan contribution subsequent to the measurement date	15,473	-	1,722	-
Total	\$ 185,769	\$ (257)	\$ 23,925	\$ (22,146)

**St. Johns Improvement District
Notes to Financial Statements**

Note 3: RETIREMENT PLANS (Continued)

Pension Liabilities and Pension Expense

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30:	FRS	HIS
2023	\$ 40,810	\$ 14
2024	15,304	7
2025	(13,603)	3
2026	120,727	7
2027	6,801	17
Thereafter	-	9
Total	\$ 170,039	\$ 57

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases, including inflation	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Note 3: RETIREMENT PLANS (Continued)

Actuarial Assumptions (Continued)

The following changes in key actuarial assumptions occurred in 2022:

FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%.

HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.

HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

HIS: The municipal bond rate used to determine the total pension liability increased from 2.16% to 3.54%.

The long-term expected investment rate of return for the FRS Pension Plan was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 3.25%. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation (1)	Compound	
		Annual Arithmetic Return	Annual (Geometric) Return
Cash	1.0%	2.6%	2.6%
Fixed income	19.8%	4.4%	4.4%
Global equity	54.0%	8.8%	7.3%
Real estate	10.3%	7.4%	6.3%
Private equity	11.1%	12.0%	8.9%
Strategic investments	3.8%	6.2%	5.9%
Total	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis and the depletion date is considered to be immediate, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index was used as the applicable municipal bond index.

Note 3: RETIREMENT PLANS (Continued)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
<i>September 30, 2022</i>	5.70%	6.70%	7.70%	2.54%	3.54%	4.54%
District's proportionate share of the net pension liability	\$ 914,941	\$ 529,042	\$ 206,384	\$ 174,123	\$ 127,056	\$ 111,908

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The District administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the District is required to provide eligible retirees (as defined in the District’s pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. The District does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the District’s basic financial statements.

Funding Policy

The District is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by District Board of Supervisors annually during the budget process. The District does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. District contributions are assumed to be equal to benefits paid.

St. Johns Improvement District Notes to Financial Statements

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Plan Membership

The District's Plan includes eight active participants.

Actuarial Assumptions and Other Inputs

In the September 30, 2022 measurement data, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.72%
Salary increases	6.00% projected annual salary increase
Discount rate	4.77% investment rate of return
Healthcare cost trend rates	The expected rates of increase in health-care costs are based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services, in National Health Care Expenditures Projections: 2011-2027 (www.cms.hhs.gov). Health-care costs are expected to increase as follows:
	2023: 0.00%
	2024: 7.90%
	2025: 6.00%
	2026: 4.80%
	2027: 4.30%
	Ultimate: 4.47%
Retirees' share of benefit-related costs	100.0% of projected health insurance premiums

The discount rate was selected based on a 20-year tax-exempt high-quality general obligation municipal bond yield of index.

Mortality rates were based on the RP-2014 Mortality Tables for annuitants for small plans for Males and Females as appropriate with both rates, with adjustments for mortality improvements based on Scale MP, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430.

**St. Johns Improvement District
Notes to Financial Statements**

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The actuarial assumptions used in the September 30, 2022 valuation were not based on the results of an actuarial experience study.

At September 30, 2022, the District reported a total OPEB liability of \$12,469. The information has been provided as of the September 30, 2022 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2021 for FYE 2020	\$ 17,893	\$ -	\$ 17,893
Changes for the year:			
Service cost	583	-	583
Interest	867	-	867
Changes of assumptions	(6,874)	-	(6,874)
Net changes	(5,424)	-	(5,424)
Balance as of October 1, 2022 for FYE 2021	\$ 12,469	\$ -	\$ 12,469

Sensitivity of the Net OPEB Liability

The following table represents the District's OPEB liability calculated using the discount rate of 2.43%, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (1.43%)	Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB Liability	\$ 13,123	\$ 12,469	\$ 11,883

The following table represents the District's OPEB liability as if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 12,451	\$ 12,469	\$ 12,510

**St. Johns Improvement District
Notes to Financial Statements**

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2022, the District recognized a reduction to OPEB expense of \$6,820. In addition the District reported deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 6,273	\$ -
Total	\$ 6,273	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year ending September 30,	
2022	\$ 601
2023	601
2024	601
2025	601
2026	601
Thereafter	3,268
Total	\$ 6,273

Note 5: DEFERRED COMPENSATION PLAN

All employees of the District may voluntarily elect to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Because the Plan Assets are held in a trust for the exclusive benefit of plan participants and their beneficiaries, the plan is not accounted for in the District's financial statements. The District has not made any plan contributions during the fiscal year.

St. Johns Improvement District Notes to Financial Statements

Note 6: 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; injuries to employees; and natural disasters. Risk of loss from the above is transferred by the District to various commercial insurers through the purchase of insurance. The District has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2022.

Note 7: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operations, the District is a party to various claims, legal actions, and complaints. In 2012, the District entered into a settlement agreement to settle litigation related to a pump station. However, District management does not believe that the pump station described in the settlement agreement will perform its function as designed. The District has budgeted for a three year project to address the drainage and discharge issues.

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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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St. Johns Improvement District Schedule of Proportionate Share of Net Pension Liability Last Eight Years

Florida Retirement System (FRS)	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0014%	0.0014%	0.0013%	0.0011%	0.0011%	0.0011%	0.0012%	0.0014%
District's proportionate share of the net pension liability	\$ 529,042	\$ 104,014	\$ 566,430	\$ 392,902	\$ 343,807	\$ 338,799	\$ 290,765	\$ 182,850
District's covered payroll	437,172	416,197	379,857	356,760	357,460	343,266	330,392	400,776
District's proportionate share of the pension liability as a percentage of its net covered payroll	121.01%	24.99%	149.12%	110.13%	96.18%	98.70%	88.01%	45.62%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy (HIS)								
	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0012%	0.0012%	0.0011%	0.0011%	0.0011%	0.0011%	0.0011%	0.0013%
District's proportionate share of the net pension liability	\$ 127,056	\$ 144,207	\$ 133,632	\$ 119,356	\$ 115,836	\$ 115,151	\$ 124,734	\$ 134,726
District's covered payroll	437,172	416,197	379,857	356,760	357,460	343,266	330,392	400,776
District's proportionate share of the net pension liability as a percentage of its covered payroll	29.06%	34.65%	35.18%	33.46%	32.41%	33.55%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only the years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 3 of the Plan's Comprehensive Annual Financial Report.

Note 3: Amounts presented for each fiscal year were determined as of 6/30.

Note 4: GASB Statement No. 83, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit actives, members in DROP, and investment plan members.

St. Johns Improvement District Schedule of Contributions Last Eight years

Florida Retirement System (FRS)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 60,967	\$ 64,647	\$ 49,550	\$ 38,263	\$ 40,887	\$ 38,552	\$ 34,780	\$ 36,536
Contributions in relation to the contractually required contribution	(60,967)	(64,647)	(49,550)	(38,263)	(40,887)	(38,552)	(34,780)	(36,536)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 435,243	\$ 433,025	\$ 385,153	\$ 372,296	\$ 349,145	\$ 347,036	\$ 332,666	\$ 345,358
Contributions as a percentage of covered payroll	14.01%	14.93%	12.87%	10.28%	11.71%	11.11%	10.45%	10.58%

Health Insurance Subsidy (HIS)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,226	\$ 6,971	\$ 6,395	\$ 6,198	\$ 5,935	\$ 5,699	\$ 5,486	\$ 5,050
Contributions in relation to the contractually required contribution	(7,226)	(6,971)	(6,395)	(6,198)	(5,935)	(5,699)	(5,486)	(5,050)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 435,243	\$ 433,025	\$ 385,153	\$ 372,296	\$ 349,145	\$ 347,036	\$ 332,666	\$ 345,358
Contributions as a percentage of covered payroll	1.66%	1.61%	1.66%	1.66%	1.70%	1.64%	1.65%	1.46%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only the years for which information is available.

St. Johns Improvement District
Schedule of Changes in the District's Total Other Postemployment Benefits
Liability and Related Ratios

		2022
Service cost	\$	583
Interest		867
Changes of assumptions or other inputs		(6,874)
Net change in total OPEB liability		(5,424)
Total OPEB liability - beginning		17,893
Total OPEB liability - ending	\$	12,469
Covered-employee payroll	\$	464,681
Total OPEB liability as a percentage of covered-employee payroll		2.68%

Note 1: Only one year of data is available for other post-employment benefits in accordance with GASB Codification P52: Other Post-employment Benefits.

Note 2: The following discount rate was used:

9/30/2022 4.77%

9/30/2021 2.43%

9/30/2020 2.14%

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

To the Board of Supervisors
St. Johns Improvement District

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 the governmental activities and major fund of the St. Johns Improvement District, Florida, 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 and have issued our report thereon dated March 6, 2023.

Report on Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Johns Improvement 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida

March 6, 2023

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Supervisors
St. Johns Improvement District

Report on the Financial Statements

We have audited the financial statements of the St. Johns Improvement District, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 6, 2023.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 6, 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 financial audit report.

Official Title and Legal Authority

Section 10.554(l)(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 legal authority of the St. Johns Improvement District is disclosed in the footnotes. The District has no component units.

Financial Condition and Management

Section 10.554(l)(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 St. Johns Improvement District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the St. Johns Improvement District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the St. Johns Improvement District. It is management's responsibility to monitor the St. Johns Improvement 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.

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 St. Johns Improvement District reported the schedule below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

- | | |
|---|------------|
| a. The total number of District employees compensated in the last pay period of the District's fiscal year as | 9 |
| 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 | \$ 436,695 |
| d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as | None |

- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures for such projects 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 See Budget and Actual Statement on page 21

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the St. Johns Improvement District did not impose any ad valorem taxes, therefore there are no amounts to report.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the St. Johns Improvement District reported:

- a. The millage rate or rates of non-ad valorem special assessments imposed by the District as \$113/acre
- b. The total amount of special assessments collected by or on behalf of the District as \$ 2,786,123 *
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as None

* Does not include delinquent interest

Additional Matters

Section 10.554(l)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we 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, applicable management and the St. Johns Improvement District’s Board of Supervisors, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 6, 2023

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Supervisors
St. Johns Improvement District

We have examined the St. Johns Improvement District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

This report is intended solely for the information and use of the District Board of Supervisors, management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 6, 2023