



St. Johns Improvement District

FINANCIAL STATEMENTS

September 30, 2023



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

321.255.0088
386.336.4189 (fax)
CRIcpa.com

INDEPENDENT AUDITOR’S 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 the major fund of the St. Johns Improvement District, (the “District”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the St. Johns Improvement District, as of September 30, 2023, 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 Auditor’s 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 February 12, 2024, 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

February 12, 2024

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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, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements (beginning on page 15).

FINANCIAL HIGHLIGHTS

- Total net position at September 30, 2023 was \$7,893,643 (net position). Of this amount, \$1,074,836 (unrestricted net position) may be used to meet the District's ongoing obligations to creditors.
- Total governmental fund revenues were \$3,830,576, an increase of \$925,820 from prior fiscal year.
- Total governmental fund expenditures were \$3,377,272, an increase of \$408,411 from prior fiscal year.
- The District's total net position increased by \$267,875.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$1,688,145, an increase of \$453,304 in comparison with the prior year. Unassigned fund balance for the General Fund was \$655,807, or 22.72% of total general fund expenditures, excluding capital outlay.

GOVERNMENT-WIDE 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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. District 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. 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 District'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).

St. Johns Improvement District Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: The District's net position for the years ending 2023 and 2022 was \$7,893,643 and \$7,625,768 respectively, an increase of \$267,875. A large portion of the District's net position (86.38%) 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.

| | Net Position | |
|--|-------------------------|---------------------|
| | Governmental Activities | |
| | 2023 | 2022 |
| Assets | | |
| Current and other assets | \$ 1,752,433 | \$ 1,372,827 |
| Capital assets, net | 7,466,523 | 7,664,073 |
| Total assets | 9,218,956 | 9,036,900 |
| Deferred outflows of resources: | | |
| Deferred outflows related to pensions | 186,351 | 209,694 |
| Deferred outflows related to OPEB ¹ | 8,054 | 6,273 |
| Total deferred outflows of resources | 194,405 | 215,967 |
| Liabilities | | |
| Current liabilities | 70,303 | 145,241 |
| Noncurrent liabilities | 1,427,978 | 1,459,455 |
| Total liabilities | 1,498,281 | 1,604,696 |
| Deferred inflows of resources: | | |
| Deferred inflows related to pensions | 21,437 | 22,403 |
| Total deferred inflows of resources | 21,437 | 22,403 |
| Net position | | |
| Investment in capital assets | 6,818,807 | 6,882,774 |
| Unrestricted | 1,074,836 | 742,994 |
| Total net position | \$ 7,893,643 | \$ 7,625,768 |

¹ OPEB: Other Post-Employment Benefits.

The decrease in current liabilities is because the District had fewer open invoices at year end, specifically there were no diesel fuel invoices outstanding.

The unrestricted net position increased by \$331,842, resulting in current assets increasing by \$379,606, with the primary increase being in cash.

St. Johns Improvement District Management's Discussion and Analysis

GOVERNMENTAL OPERATIONS & ACTIVITIES

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.

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

| | Change in Net Position Governmental Activities | |
|-------------------------------------|---|--------------|
| | 2023 | 2022 |
| Revenues: | | |
| Program revenues | \$ 3,763,693 | \$ 2,852,929 |
| Investment income and miscellaneous | 64,319 | 33,034 |
| Gain on sale of fixed assets | 2,564 | 18,793 |
| Total revenues | 3,830,576 | 2,904,756 |
| Expenses: | | |
| Physical environment | 3,538,838 | 2,919,938 |
| Interest on long-term debt | 23,863 | 34,796 |
| Total expenses | 3,562,701 | 2,954,734 |
| Change in net position | 267,875 | (49,978) |
| Net position: | | |
| Beginning of year | 7,625,768 | 7,675,746 |
| End of year | \$ 7,893,643 | \$ 7,625,768 |

The revenues of the District increased primarily as a result of the increase in the per acre assessment. The District also saw a significant increase in revenues from interest earnings.

St. Johns Improvement District Management’s Discussion and Analysis

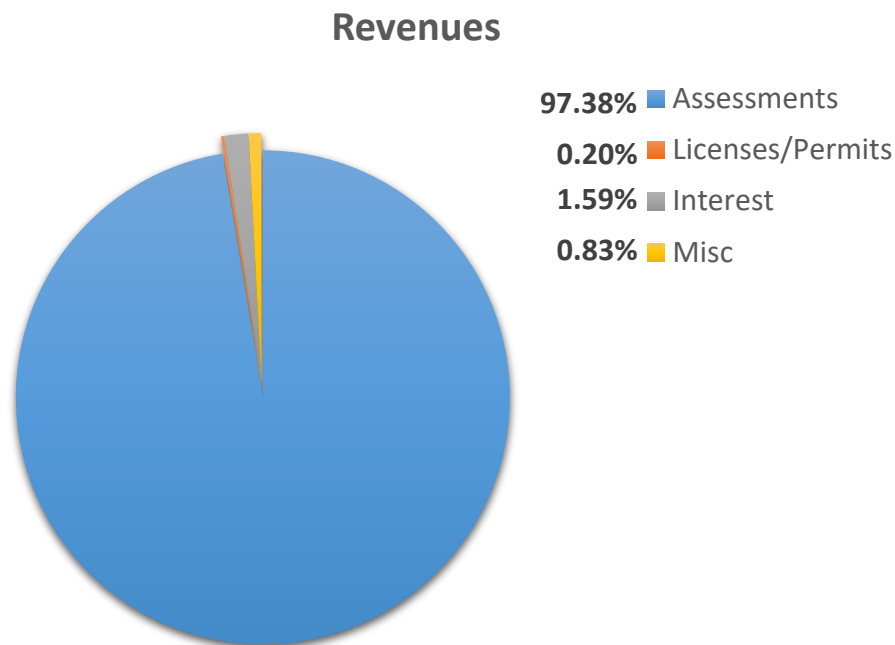
Physical environment increased from the prior year chiefly due to the continued increase in fuel costs.

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.

BUDGETARY HIGHLIGHTS

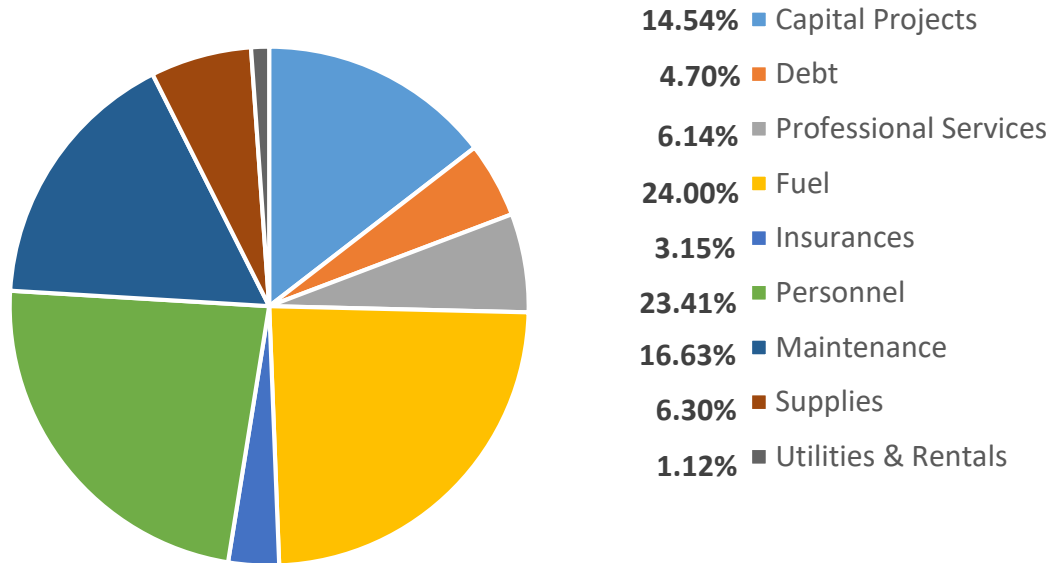
The District’s primary budgetary income source is through the annual per acre assessment levied against landowners within the jurisdictional area represented by the District. The total annual per acre assessment for the period ending September 30, 2023, was \$151 per acre or portion thereof. This assessment is levied against 25,273 acres. District’s assessments are collected through the local county tax collection office. For the fiscal year end September 30, 2023, approximately 98.46% 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 alligator harvesting agreement and bank interest. Actual revenues are noted in the chart below.



Total expenditures for the year ending 2023 came in approximately \$769,954 less than budgeted. This was due to a decreased labor force available to complete ongoing projects for which material was already on hand. Actual expenditures are noted in the chart below.

St. Johns Improvement District Management’s Discussion and Analysis

Expenditures



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2023, the District’s investment in capital assets amounted to \$7,466,523 (net of accumulated depreciation). This amount represents a net decrease of \$197,550 after fiscal year total depreciation of \$688,556 for the year ending September 30, 2023. This is a result of the District having more depreciation than additions. Additions were primarily pipes.

Long-Term Debt: During 2023, the District paid \$25,103 (approximately \$1 per acre) of interest on the loan obtained in fiscal year 2021. A principal payment was made in the amount of \$133,583. The Line of Credit remained unused, and no renewal fees were paid due to the two year extension from the prior fiscal year to fiscal year 2024.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

District Administration considers several factors when setting the fiscal year budget. The anticipated cost of fuel products and the forecast insurance rate increases are two of the hardest items to predict. Other costs are fixed or rise in a fairly predictable manner. Capital expenditures are weighed heavily on a necessity basis. The District anticipates having to re-line twenty-one (21) pipes in the coming fiscal years; a project with an estimated cost of \$ 2.1 million.

FPL has continued purchasing additional land within the District, and are preparing those acquisitions for their seventh and eighth solar energy centers. FPL and Epic Estates (thru various subsidiaries) are still the largest two landowners. The construction of the planned interchanged at I-95 and Oslo Rd began in August. It is currently scheduled for completion in the summer of 2027.

St. Johns Improvement District Management's Discussion and Analysis

A very slight decrease in the assessment per acre is anticipated in fiscal year 2024.

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.

St. Johns Improvement District
Basic Financial Statements

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St. Johns Improvement District
Statement of Net Position

| <i>September 30, 2023</i> | Primary Government |
|---|-----------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,459,206 |
| Receivables | 38,019 |
| Inventory | 255,123 |
| Prepaid items | 85 |
| Capital assets | |
| Non-depreciable | 1,369,751 |
| Depreciable, net | 6,096,772 |
| Total assets | 9,218,956 |
| Deferred Outflows of Resources | |
| Deferred outflows related to other post-employment benefits | 8,054 |
| Deferred outflows related to pensions | 186,351 |
| Total deferred outflows of resources | 194,405 |
| Liabilities | |
| Accounts payable | 52,073 |
| Accrued liabilities | 4,392 |
| Accrued interest | 6,015 |
| Unearned revenue | 7,823 |
| Non-current liabilities | |
| Due within one year | |
| Compensated absences | 10,604 |
| Notes payable | 137,924 |
| Due in more than one year | |
| Other post-employment benefits | 14,849 |
| Net pension liability | 754,809 |
| Notes payable | 509,792 |
| Total liabilities | 1,498,281 |
| Deferred Inflows of Resources | |
| Deferred inflows related to pensions | 21,437 |
| Total deferred inflows of resources | 21,437 |
| Net Position | |
| Net investment in capital assets | 6,818,807 |
| Unrestricted | 1,074,836 |
| Total net position | \$ 7,893,643 |

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, 2023</i> | | | | | Primary Government |
|--|--------------|--------------------------------------|--|--|---|
| Functions/Programs | Expenses | Charges for Services and Fines | Program Revenues | | Net (Expense) |
| | | | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| Physical environment | \$ 3,538,838 | \$ 3,763,693 | \$ - | \$ - | \$ 224,855 |
| Interest on long term debt | 23,863 | - | - | - | (23,863) |
| Total governmental activities | \$ 3,562,701 | \$ 3,763,693 | \$ - | \$ - | 200,992 |
| General revenues | | | | | |
| Investment income and miscellaneous | | | | | 64,319 |
| Gain on sale of fixed assets | | | | | 2,564 |
| Total general revenues | | | | | 66,883 |
| Change in net position | | | | | 267,875 |
| Net position, beginning of year | | | | | 7,625,768 |
| Net position, end of year | | | | | \$ 7,893,643 |

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

St. Johns Improvement District Balance Sheet – Governmental Fund

| <i>September 30, 2023</i> | General |
|--------------------------------------|--------------|
| Assets | |
| Cash and cash equivalents | \$ 1,459,206 |
| Accounts receivable | 38,019 |
| Inventory | 255,123 |
| Prepaid items | 85 |
| <hr/> | |
| Total assets | \$ 1,752,433 |
| <hr/> | |
| Liabilities and Fund Balances | |
| Liabilities | |
| Accounts payable | \$ 52,073 |
| Unearned revenue | 7,823 |
| Other accrued liabilities | 4,392 |
| <hr/> | |
| Total liabilities | 64,288 |
| <hr/> | |
| Fund balances | |
| Nonspendable | |
| Inventory and prepaid items | 255,208 |
| Assigned for encumbrances | 777,130 |
| Unassigned | 655,807 |
| <hr/> | |
| Total fund balances | 1,688,145 |
| <hr/> | |
| Total liabilities and fund balances | \$ 1,752,433 |
| <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, 2023

| | | |
|--|----|-----------|
| Total fund balances - governmental funds | \$ | 1,688,145 |
|--|----|-----------|

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reporting in the funds.

| | | | |
|-------------------------------|---------------------|--|-----------|
| Governmental capital assets | 19,738,988 | | |
| Less accumulated depreciation | <u>(12,272,465)</u> | | 7,466,523 |

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:

| | | | |
|---|--|----------|-------|
| Deferred outflows related to pensions | | 186,351 | |
| Deferred inflows related to pensions | | (21,437) | |
| Deferred outflows related to other post-employment benefits | | | 8,054 |

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.

| | | | |
|--------------------------------|-----------|--|-------------|
| Net pension liability | (754,809) | | |
| Notes payable | (647,716) | | |
| Compensated absences | (10,604) | | |
| Other post-employment benefits | (14,849) | | |
| Accrued interest | (6,015) | | (1,433,993) |

| | | |
|---|----|-----------|
| Net position of governmental activities | \$ | 7,893,643 |
|---|----|-----------|

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

| <i>For the year ended September 30, 2023</i> | General |
|--|--------------|
| Revenues | |
| Special assessments | \$ 3,727,770 |
| Licenses and permits | 7,790 |
| Interest earnings | 60,863 |
| Miscellaneous | 31,589 |
| Total revenues | 3,828,012 |
| Expenditures | |
| Current: | |
| Salaries, wages and benefits | 790,729 |
| Fuel, grease and oil | 810,692 |
| Repair and maintenance | 561,728 |
| Professional services | 207,446 |
| Insurance | 106,483 |
| Utilities | 19,151 |
| Supplies | 212,698 |
| Rental and leases | 18,653 |
| Debt service | |
| Principal | 133,583 |
| Interest | 25,103 |
| Capital outlay | 491,006 |
| Total expenditures | 3,377,272 |
| Excess (deficiency) of revenues over (under) expenditures | 450,740 |
| Other Financing Sources | |
| Proceeds from sale of capital assets | 2,564 |
| Total other financing sources | 2,564 |
| Net change in fund balances | 453,304 |
| Fund balances, beginning of year | 1,234,841 |
| Fund balances, end of year | \$ 1,688,145 |

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, 2023

| | |
|---|------------|
| Net change in fund balance - total governmental funds | \$ 453,304 |
| <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 \$688,556 exceeded capital outlay of \$491,006 in the current period.</p> | (197,550) |
| <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> | 133,583 |
| <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> | 1,240 |
| <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> | (1,015) |
| <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> | (599) |
| <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> | (121,088) |
| Change in net position of governmental activities | \$ 267,875 |

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, 2023</i> | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| Revenues | | | | |
| Special assessments | \$ 3,809,735 | \$ 3,809,735 | \$ 3,727,770 | \$ (81,965) |
| Licenses and permits | - | - | 7,790 | 7,790 |
| Interest earnings | - | - | 60,863 | 60,863 |
| Intergovernmental | 22,650 | 22,650 | - | (22,650) |
| Miscellaneous | 37,000 | 37,000 | 31,589 | (5,411) |
| Total revenues | 3,869,385 | 3,869,385 | 3,828,012 | (41,373) |
| Expenditures | | | | |
| Current: | | | | |
| Salaries, wages and benefits | 892,245 | 892,245 | 790,729 | 101,516 |
| Fuel, grease and oil | 1,535,000 | 1,535,000 | 810,692 | 724,308 |
| Repair and maintenance | 358,729 | 358,729 | 561,728 | (202,999) |
| Professional services | 225,520 | 225,520 | 207,446 | 18,074 |
| Insurance | 106,500 | 106,500 | 106,483 | 17 |
| Utilities | 27,200 | 27,200 | 19,151 | 8,049 |
| Supplies | 309,450 | 309,450 | 212,698 | 96,752 |
| Rental and leases | 22,800 | 22,800 | 18,653 | 4,147 |
| Debt service | | | | |
| Line of credit | 1 | 1 | - | 1 |
| Principal | 133,583 | 133,583 | 133,583 | - |
| Interest | 25,392 | 25,392 | 25,103 | 289 |
| Capital outlay | 233,006 | 510,806 | 491,006 | 19,800 |
| Total expenditures | 3,869,426 | 4,147,226 | 3,377,272 | 769,954 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (41) | (277,841) | 450,740 | 728,581 |
| Other Financing Sources | | | | |
| Proceeds from sale of capital assets | - | - | 2,564 | 2,564 |
| Total other financing sources | - | - | 2,564 | 2,564 |
| Net change in fund balance | (41) | (277,841) | 453,304 | 731,145 |
| Fund balance, beginning of the year | 1,234,841 | 1,234,841 | 1,234,841 | - |
| Fund balance, end of year | \$ 1,234,800 | \$ 957,000 | \$ 1,688,145 | \$ 731,145 |

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 \$5,000 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 (expenditures/expenses) until then.

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 (revenues) 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 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 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.

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.

St. Johns Improvement District Notes to Financial Statements

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, February 12, 2024.

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.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2023, \$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, 2023:

| | Beginning Balance | Transfer/ Increases | Transfer/ Decreases | Ending Balance |
|---|----------------------|------------------------|------------------------|-------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,369,751 | \$ - | \$ - | \$ 1,369,751 |
| Total capital assets, not being depreciated | 1,369,751 | - | - | 1,369,751 |
| Capital assets, being depreciated | | | | |
| Infrastructure | 13,409,708 | 10,869 | - | 13,420,577 |
| Intangibles | 46,554 | - | - | 46,554 |
| Buildings | 650,485 | 20,509 | - | 670,994 |
| Bridges culverts & roads - other costs | 1,671,210 | 334,969 | - | 2,006,179 |
| Equipment and vehicles | 2,131,428 | 124,659 | (31,154) | 2,224,933 |
| Total capital assets, being depreciated | 17,909,385 | 491,006 | (31,154) | 18,369,237 |
| Less accumulated depreciation for | | | | |
| Infrastructure | (8,174,626) | (523,484) | - | (8,698,110) |
| Intangibles | (27,932) | (4,655) | - | (32,587) |
| Buildings | (223,054) | (14,294) | - | (237,348) |
| Bridges culverts & roads - other costs | (1,540,977) | (19,755) | - | (1,560,732) |
| Equipment and vehicles | (1,648,474) | (126,368) | 31,154 | (1,743,688) |
| Total accumulated depreciation | (11,615,063) | (688,556) | 31,154 | (12,272,465) |
| Total capital assets being depreciated, net | 6,294,322 | (197,550) | - | 6,096,772 |
| Governmental activities capital assets, net | \$ 7,664,073 | \$ (197,550) | \$ - | \$ 7,466,523 |

Depreciation expense for the year ended September 30, 2023 was \$688,556.

Long-Term Debt and Liabilities

Line of Credit

The District has a line of credit up to \$650,000 that expires September 14, 2024, and has a floating interest rate per annum of LIBOR plus 2.53%. There was \$0 outstanding at September 30, 2023 on the line of credit.

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 \$25,103 was paid on this note during the year ended September 30, 2023. The note is secured by available future special assessment levies issued by the district. At September 30, 2023 the outstanding balance on the note was \$647,716. 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, 2023:

| <i>Year ending September 30,</i> | Governmental Activities | |
|----------------------------------|-------------------------|-----------|
| | Series 2019 Note | |
| | Principal | Interest |
| 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 | 647,716 | 58,947 |
| Current portion | (137,924) | (21,051) |
| Payable after one year | \$ 509,792 | \$ 37,896 |

Changes In Long-Term Liabilities

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------|----------------------|-----------|--------------|-------------------|------------------------|
| Governmental activities | | | | | |
| Notes payable | | | | | |
| Series 2019 Note | \$ 781,299 | \$ - | \$ (133,583) | \$ 647,716 | \$ 137,924 |
| Compensated absences | 9,589 | 24,828 | (23,813) | 10,604 | 10,604 |
| Governmental activity | | | | | |
| long-term liabilities | \$ 790,888 | \$ 24,828 | \$ (157,396) | \$ 658,320 | \$ 148,528 |

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) | \$ 7,466,523 |
| Outstanding debt related to capital assets | (647,716) |
| Net investment in capital assets | \$ 6,818,807 |

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 \$7.5. The minimum payment is \$45 and the maximum payment is \$225 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, 2023, were as follows:

| | FRS | HIS |
|---------------------------------|--------|-------|
| Regular class | 11.57% | 2.00% |
| Senior management service class | 32.52% | 2.00% |

The employer's contributions for the year ended September 30, 2023, were \$88,366 to the FRS Pension Plan and \$8,224 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, 2023, 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, 2023. 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 | \$ | 571,210 | \$ | 183,599 |
| Proportion at: | | | | |
| Current measurement date | | 0.0014% | | 0.0012% |
| Prior measurement date | | 0.0014% | | 0.0012% |
| Pension expense | \$ | 131,994 | \$ | 69,668 |

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, 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 | \$ 53,632 | \$ - | \$ 2,688 | \$ (431) |
| Change of assumptions | 37,236 | - | 4,827 | (15,909) |
| Net difference between projected and actual earnings on pension plan investments | 23,855 | - | 95 | - |
| Changes in proportion and differences between District pension plan contributions and proportionate share of contributions | 34,521 | (69) | 8,296 | (5,028) |
| District pension plan contribution subsequent to the measurement date | 18,860 | - | 2,341 | - |
| Total | \$ 168,104 | \$ (69) | \$ 18,247 | \$ (21,368) |

**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, 2023. 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 | |
|---------------------------|-----------|----------------|-----------|----------------|
| 2024 | \$ | 20,331 | \$ | (954) |
| 2025 | | (8,055) | | (579) |
| 2026 | | 121,993 | | (963) |
| 2027 | | 11,588 | | (1,888) |
| 2028 | | 3,318 | | (1,000) |
| Thereafter | | - | | (78) |
| Total | \$ | 149,175 | \$ | (5,462) |

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021. 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% | 3.65% |

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 2023:

HIS: The discount rate used in calculation of the pension liability increased from 3.54% to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

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. The long-term expected investment rate of return remained at 6.7%, same as previous year. 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% | 2.9% | 2.9% |
| Fixed income | 19.8% | 4.5% | 4.4% |
| Global equity | 54.0% | 8.7% | 7.1% |
| Real estate | 10.3% | 7.6% | 6.6% |
| Private equity | 11.1% | 11.9% | 8.8% |
| Strategic investments | 3.8% | 6.3% | 6.1% |
| Total | 100% | | |

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 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index rate as of June 30, 2023 was used as the applicable municipal bond index.

St. Johns Improvement District Notes to Financial Statements

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, 2023</i> | 5.70% | 6.70% | 7.70% | 2.65% | 3.65% | 4.65% |
| District's proportionate share of the net pension liability | \$ 975,743 | \$ 571,210 | \$ 232,770 | \$ 209,458 | \$ 183,599 | \$ 162,164 |

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 as of September 30, 2023.

Actuarial Assumptions and Other Inputs

In the September 30, 2023 measurement data, the actuarial assumptions and other inputs, applied include the following:

| | |
|--|---|
| Inflation | 3.70% |
| Salary increases | 6.30% projected annual salary increase |
| Discount rate | 4.89% 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: 2013-2031 (www.cms.hhs.gov). Health-care costs are expected to increase as follows: |
| | 2024: 0.00% |
| | 2025: 7.70% |
| | 2026: 5.40% |
| | 2027: 5.50% |
| | 2028: 5.00% |
| | 2029: 4.80% |
| | Ultimate: 5.10% |
| Retirees' share of benefit-related costs | 100.0% of projected health insurance premiums |

The discount rate was selected based on an S&P Municipal 20-year high grad rate index.

Mortality rates were based on the RP-2023 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, 2023 valuation were not based on the results of an actuarial experience study.

At September 30, 2023, the District reported a total OPEB liability of \$14,849. The information has been provided as of the September 30, 2023 measurement date.

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance as of October 1, 2022 for FYE 2021 | \$ 12,469 | \$ - | \$ 12,469 |
| Changes for the year: | | | |
| Service cost | 1,028 | - | 1,028 |
| Interest | 635 | - | 635 |
| Changes of assumptions | 717 | - | 717 |
| Net changes | 2,380 | - | 2,380 |
| Balance as of October 1, 2023 for FYE 2022 | \$ 14,849 | \$ - | \$ 14,849 |

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 (3.89%) | Discount Rate (4.89%) | 1% Increase (5.89%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 15,514 | \$ 14,849 | \$ 14,221 |

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:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|----------------------|-------------|-------------------------------|-------------|
| Total OPEB Liability | \$ 14,726 | \$ 14,849 | \$ 14,974 |

**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, 2023, the District recognized a reduction to OPEB expense of \$599. 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 | \$ | 8,054 | \$ | - |
| Total | \$ | 8,054 | \$ | - |

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, | | |
|---------------------------|-----------|--------------|
| 2023 | \$ | 1,078 |
| 2024 | \$ | 1,078 |
| 2025 | \$ | 1,077 |
| 2026 | \$ | 1,077 |
| 2027 | \$ | 1,077 |
| Thereafter | \$ | 2,667 |
| Total | \$ | 8,054 |

Note 5: DEFERRED COMPENSATION PLANS

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 District's individual plan was closed during fiscal year 2023, and no longer accepts contributions.

The District joined the State of Florida's Deferred Compensation 457(b) Plan during 2023. 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 Plans 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 for either plan 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, 2023.

Note 7: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operations, the District is a party to various claims, legal actions, and complaints.

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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

| Florida Retirement System (FRS) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| District's proportion of the net pension liability | 0.0014% | 0.0014% | 0.0014% | 0.0013% | 0.0011% | 0.0011% | 0.0011% | 0.0012% |
| District's proportionate share of the net pension liability | \$ 571,210 | \$ 529,042 | \$ 104,014 | \$ 566,430 | \$ 392,902 | \$ 343,807 | \$ 338,799 | \$ 290,765 |
| District's covered payroll | 459,005 | 437,172 | 416,197 | 379,857 | 356,760 | 357,460 | 343,266 | 330,392 |
| District's proportionate share of the pension liability as a percentage of its net covered payroll | 124.45% | 121.01% | 24.99% | 149.12% | 110.13% | 96.18% | 98.70% | 88.01% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.38% | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% |
| Health Insurance Subsidy (HIS) | | | | | | | | |
| District's proportion of the net pension liability | 0.0012% | 0.0012% | 0.0012% | 0.0011% | 0.0011% | 0.0011% | 0.0011% | 0.0011% |
| District's proportionate share of the net pension liability | \$ 183,599 | \$ 127,056 | \$ 144,207 | \$ 133,632 | \$ 119,356 | \$ 115,836 | \$ 115,151 | \$ 124,734 |
| District's covered payroll | 459,005 | 437,172 | 416,197 | 379,857 | 356,760 | 357,460 | 343,266 | 330,392 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 40.00% | 29.06% | 34.65% | 35.18% | 33.46% | 32.41% | 33.55% | 37.75% |
| Plan fiduciary net position as a percentage of the total pension liability | 4.12% | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% |

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

Florida Retirement System (FRS)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 88,366 | \$ 60,967 | \$ 64,647 | \$ 49,550 | \$ 38,263 | \$ 40,887 | \$ 38,552 | \$ 34,780 |
| Contributions in relation to the contractually required contribution | (88,366) | (60,967) | (64,647) | (49,550) | (38,263) | (40,887) | (38,552) | (34,780) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 472,330 | \$ 435,243 | \$ 433,025 | \$ 385,153 | \$ 372,296 | \$ 349,145 | \$ 347,036 | \$ 332,666 |
| Contributions as a percentage of covered payroll | 18.71% | 14.01% | 14.93% | 12.87% | 10.28% | 11.71% | 11.11% | 10.45% |

Health Insurance Subsidy (HIS)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 8,224 | \$ 7,226 | \$ 6,971 | \$ 6,395 | \$ 6,198 | \$ 5,935 | \$ 5,699 | \$ 5,486 |
| Contributions in relation to the contractually required contribution | (8,224) | (7,226) | (6,971) | (6,395) | (6,198) | (5,935) | (5,699) | (5,486) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 472,330 | \$ 435,243 | \$ 433,025 | \$ 385,153 | \$ 372,296 | \$ 349,145 | \$ 347,036 | \$ 332,666 |
| Contributions as a percentage of covered payroll | 1.74% | 1.66% | 1.61% | 1.66% | 1.66% | 1.70% | 1.64% | 1.65% |

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

| | 2023 | 2022 | 2021 | 2020 |
|--|------------|------------|------------|------------|
| Service cost | \$ 1,028 | \$ 583 | \$ 963 | \$ 18,939 |
| Interest | 635 | 867 | 548 | 203 |
| Changes of assumptions or other inputs | 717 | (6,874) | (5,690) | 2,930 |
| Net change in total OPEB liability | 2,380 | (5,424) | (4,179) | 22,072 |
| Total OPEB liability - beginning | 12,469 | 17,893 | 22,072 | - |
| Total OPEB liability - ending | \$ 14,849 | \$ 12,469 | \$ 17,893 | \$ 22,072 |
| Covered-employee payroll | \$ 508,583 | \$ 464,681 | \$ 447,815 | \$ 417,739 |
| Total OPEB liability as a percentage of covered-employee payroll | 2.92% | 2.68% | 4.00% | 5.28% |

Note 1: Only four years 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:

9/30/2023 4.89%
9/30/2022 4.77%
9/30/2021 2.43%
9/30/2020 2.14%

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

To the Board of Supervisors
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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated February 12, 2024.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the section below as item 2023-001, that we consider to be a material weakness.

2023-001 Accounts Payable and Expenditures

Condition: An expenditure was recorded in the incorrect period.

Criteria: Expenditures need to be recorded in the period in which the expenditure was incurred.

Cause: An expenditure was posted using the invoice date versus when the work was performed.

Effect: Accounts payable and expenditures were overstated by \$82,267.

Recommendation: The District should implement procedures to ensure all invoices received near year end are examined for the period in which services were rendered or goods were received.

Management's Response: Acknowledged; however, insurance checks must be payable prior to insurance effective period.

Report on 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*.

St. Johns Improvement District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the St. Johns Improvement District's response to the findings identified in our audit and described above. St. Johns Improvement District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, Riggs & Ingram, L.L.C.

Melbourne, Florida
February 12, 2024



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

321.255.0088
386.336.4189 (fax)
CRlcpa.com

INDEPENDENT AUDITOR'S 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, 2023, and have issued our report thereon dated February 12, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 12, 2024 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding 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 | \$ 471,722 |
| 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 | District Pipe Lining \$2,100,000 |
| 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 | \$151/acre |
| b. The total amount of special assessments collected by or on behalf of the District as | \$ 3,718,152 * |
| 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 noted the item below:

2023-002 Annual Budget

Condition: The budget was not posted on the St. Johns Improvement District’s official website.

Criteria: FL Statute 189.016(4) states the tentative budget must be posted on the municipality’s official website at least 2 days before the budget hearing and must remain on the website for at least 45 days. The final adopted budget must be posted to the District’s website within 30 days after adoption and must remain on the website for at least 2 years.

Cause: There was a change to Florida’s District handbook on the requirements to post the budget online. The District was not aware of the change.

Potential Effect of Condition: Not being in compliance with FL Statute.

Recommendation: The District should set a calendar alarm 5 days before the budget hearing and 25 days afterwards to ensure the final version of the budget has been properly uploaded within the required deadline.

Management's Response: Acknowledged. Now that the District is aware of the change, it will implement it per state guidelines.

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
February 12, 2024



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

321.255.0088
386.336.4189 (fax)
CRlcpa.com

INDEPENDENT ACCOUNTANT'S 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, 2023. 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 AICPA. 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 we 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, 2023.

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
February 12, 2024



Required Communications



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

321.255.0088
386.336.4189 (fax)
CRlcpa.com

February 12, 2024

To the Board of Supervisors
St. Johns Improvement District, Florida

We are pleased to present the results of our audit of the financial statements of the governmental activities and major fund including the related notes to the financial statements, which collectively comprise the basic financial statements of the St. Johns Improvement District (the "District") for the year ended September 30, 2023.

This report to the Board of Supervisors summarizes our audit, the reports issued and various analyses and observations related to the District's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the District's basic financial statements for the year ended September 30, 2023. We considered the District's current and emerging needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board of Supervisors, expect. We received the full support and assistance of District personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Board of Supervisors and Management and should not be used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 321.255.0039 or cnollrhan@cricpa.com.

Very truly yours,

A handwritten signature in black ink that reads "Christine E. Noll-Rhan".

Christine E. Noll-Rhan, CPA
Partner
Carr, Riggs & Ingram, LLC



As discussed with management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the District. Specifically, we planned and performed our audit to:

- Perform audit services, as required by Section 218.39 of the Florida Statutes, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and Chapter 10.550 of the Rules of the Florida Auditor General, in order to express an opinion on the District's basic financial statements for the year ended September 30, 2023;
- 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*;
- Communicate directly with the Board of Supervisors and management regarding the results of our procedures;
- Address with the Board of Supervisors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Supervisors and management; and
- Other audit-related projects as they arise and upon request.



We have audited the financial statements of St. Johns Improvement District, Florida for the year ended September 30, 2023, and have issued our report thereon dated February 12, 2024. Professional standards also require that we communicate to you the following information related to our audit:

| MATTER TO BE COMMUNICATED | AUDITOR’S RESPONSE |
|---|--|
| <p>Auditor’s responsibility under Generally Accepted Auditing Standards, <i>Government Auditing Standards</i> and Chapter 10.550, Rules of the Florida Auditor General</p> | <p>As stated in our engagement letter dated July 29, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP) and to report on the fairness of supplementary information as described in the engagement letter when considered in relation to the financial statements as a whole. Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p> |
| <p>Client’s responsibility</p> | <p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management, with oversight from those charged with governance, is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p> <p>Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.</p> |



| MATTER TO BE COMMUNICATED | AUDITOR'S RESPONSE |
|--|--|
| <p>Planned scope and timing of the audit</p> | <p>Our initial audit plan was not significantly altered during our fieldwork.</p> |
| <p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the Auditor's conclusion regarding the reasonableness of those estimates.</i></p> | <p>Please see the following section titled "<i>Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality.</i>"</p> |
| <p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the District and how they are disclosed.</i></p> | <p>No such risks or exposures were noted.</p> |
| <p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the Auditor's judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditor should also discuss the Auditor's judgment about the quality, not just the acceptability, of the District's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the District in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments.</i> | <p>Significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:</p> <p style="padding-left: 40px;">The disclosure of Post-Employment Benefit Obligations in Note 4 to the financial statements since this represents a future liability to the District.</p> <p style="padding-left: 40px;">The disclosure of pension retirement plans in Note 3 to the financial statements since this represents a future liability to the District.</p> <p>The financial statement disclosures are neutral, consistent, and clear.</p> |



| MATTER TO BE COMMUNICATED | AUDITOR'S RESPONSE |
|--|--|
| <p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p> | <p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p> |
| <p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or Auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p> | <p>We are pleased to report that no such disagreements arose during the course of our audit.</p> |
| <p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p> | <p>None noted.</p> |
| <p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p> | <p>None noted.</p> |
| <p>Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the District, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board of Supervisors about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p> | <p>See "Summary of Audit Adjustments" section.</p> |
| <p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p> | <p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p> |
| <p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p> | <p>To our knowledge, there were no such consultations with other accountants.</p> |



| MATTER TO BE COMMUNICATED | AUDITOR'S RESPONSE |
|---|---|
| <p>Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p> | <p>See “<i>Management Representation Letter</i>” section.</p> |
| <p>Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the Auditor’s attention during the audit.</i></p> | <p>Refer to the “<i>Independent Auditor’s Management Letter</i>”, the “<i>Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>”. Comments included in the financial report package.</p> |
| <p>Fraud and illegal acts <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the Auditor’s attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p> | <p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p> |
| <p>Other information in documents containing audited financial statements <i>The external Auditor’s responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p> | <p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p> |
| <p>Significant unusual accounting transactions <i>Auditor communication with governance to include Auditor’s views on policies and practices management used, as well as the Auditor’s understanding of the business purpose.</i></p> | <p>No significant unusual accounting transactions were noted during the year.</p> |



| MATTER TO BE COMMUNICATED | AUDITOR'S RESPONSE |
|--|--|
| <p>Required Supplementary Information <i>The Auditor's responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p> | <p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p> |
| <p>Other information accompanying the financial statements. <i>The Auditor's responsibility for other information accompanying the financial statements.</i></p> | <p>We were not engaged to report on the other information which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.</p> |

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of the District's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Supervisors may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

| AREA | ACCOUNTING POLICY | CRITICAL POLICY? | JUDGMENTS & SENSITIVE ESTIMATE | COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION |
|--------------------------------|---|------------------|--|---|
| Depreciation of Capital Assets | <p>Based on the audit procedures we performed with respect to the District's capital assets, we noted that the District estimates the useful lives of capital assets in accordance with all applicable standards and guidelines of GASB.</p> <p>The District follows the provisions of Section 1400: <i>Reporting Capital Assets</i>, of the GASB Codification when reporting depreciation of its capital assets.</p> | X | Management's estimate of the useful lives of capital assets is based on the historical lives of similar assets and market prices. | We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements taken as a whole. |
| Compensated Absences | <p>Liabilities for compensated absences attributable to services already rendered are accrued as employees earn the rights to those benefits.</p> <p>The District follows the provisions of Section C60: <i>Compensated Absences</i>, of the GASB Codification when reporting these liabilities.</p> | X | Management's estimate of the compensated absences liability is based on compensation rates and employment assumptions developed by management. | We evaluated the key factors and assumptions used to develop the useful lives in determining that they are reasonable in relation to the financial statements taken as a whole. |

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality



| AREA | ACCOUNTING POLICY | CRITICAL POLICY? | JUDGMENTS & SENSITIVE ESTIMATE | COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION |
|---------------------------------------|---|------------------|---|--|
| Other Post-Employment Benefits (OPEB) | <p>Based on the audit procedures we performed with respect to the District's OPEB Plan, we noted that it appears the District accounts for its OPEB liability and related costs in accordance with all applicable standards and guidelines of GASB.</p> <p>The District follows the provisions of Section P52: <i>Postemployment Benefits Other Than Pensions – Employer Reporting</i>, of the GASB Codification when reporting its OPEB liability and related costs.</p> | X | Management's estimate of the other postemployment benefit liability is based on healthcare costs and employment assumptions developed by management. The District utilized these assumptions to calculate the year-end liability. | The District is following the requirements of GASB 75 and has noted in Note 4 that the liability of the District may vary. We evaluated the key factors and assumptions in determining they are reasonable in relation to the financial statements taken as a whole. |

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality



| AREA | ACCOUNTING POLICY | CRITICAL POLICY? | JUDGMENTS & SENSITIVE ESTIMATE | COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION |
|-----------------------|--|------------------|---|---|
| Net Pension Liability | <p>Based on the audit procedures we performed with respect to the District's FRS, we noted that the District uses an actuary to determine the pension obligation in accordance with all applicable standards and guidelines of GASB.</p> <p>The District follows the provisions of <i>Section P20: Reporting Liabilities</i>, of the GASB Codification when reporting pension liabilities.</p> | X | <p>The estimate of current pension expense and future net pension obligation are based on actuarially determined factors. The actuary estimates certain future conditions in their conclusions. These estimates include factors such as market performance and life expectancy. Actual results may differ from projections.</p> | <p>The District is following the requirements of GASB 68 and has noted in Note 3 that the liability of the District may vary. We evaluated the key factors and assumptions in determining they are reasonable in relation to the financial statements taken as a whole.</p> |



During the course of our audit, we accumulate differences between amounts recorded by the District and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the District or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the Auditor’s judgement, such uncorrected misstatements are immaterial to the financial statements under audit.

The following entry was posted by the District:

| Adjusting Journal Entries JE # 20 | | | | |
|---|--|--|------------------|------------------|
| Expense was booked in FY23 that is for FY24 period. | | | | |
| 20200 | Accounts Payable | | \$ 82,267 | \$ |
| 54510 | Other Contractual Services:54500 -+ Insurances (SJID Property):54510 -+ General Commercial Insurance | | | 76,338 |
| 54520 | Other Contractual Services:54500 -+ Insurances (SJID Property):54520 -+ Storage Tank Insurance | | | 5,929 |
| Total | | | \$ 82,267 | \$ 82,267 |

There were no passed adjustments.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the District’s operating environment that has been identified as playing a significant role in the District’s operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has an effect on increasing management’s compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.



February 12, 2024

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

This representation letter is provided in connection with your audit of the financial statements of St. Johns Improvement District (the “District), which comprise the respective financial position of the governmental activities and major fund, as of September 30, 2023, and the respective changes in financial position, and the disclosures (collectively, the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 12, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 29, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity. The District has no component units.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) There are no related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.



- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) There are no known actual or possible litigation, claims, and assessments that need to be accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.
- 10) We are in agreement with the journal entry you have proposed, and we have recorded it.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District's Board of Supervisors or agendas of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions. There are no side agreements.

Government-specific



- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 22) We have a process to track the status of audit findings and recommendations.
- 23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 27) We have appropriately disclosed all information for conduit debt obligations in accordance with GASBS No. 91 .
- 28) There are no instances that have occurred or are likely to have occurred, of suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance, other than what is already noted.
- 30) As part of your audit, you assisted with preparation of the financial statements and disclosures, and the depreciation schedule. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, Marjorie Hale, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, and the depreciation schedule.
- 31) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



- 33) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.
- 34) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments are properly valued.
- 37) There are no provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.



Compliance with Florida Statute 218.415

- 1) We are responsible for complying with Florida Statute 218.415, *Local Government Investment Policies*.
- 2) We are responsible for establishing and maintaining effective internal control over compliance.
- 3) We have performed an evaluation of the District’s compliance with Florida Statute 218.415, *Local Government Investment Policies*.
- 4) All relevant matters are reflected in the measurement or evaluation of the District’s compliance with the specified requirements.
- 5) We are responsible for selecting the specified requirements and for determining that the specified requirements are appropriate for our purposes.
- 6) There is no known noncompliance with Florida Statute 218.415, *Local Government Investment Policies*, including noncompliance occurring after September 30, 2023, if any.
- 7) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with Florida Statute 218.415, *Local Government Investment Policies*.
- 8) Our interpretation of Florida Statute 218.415, *Local Government Investment Policies* is as follows:
 - a) As the District has elected to invest surplus funds in compliance with section 218.415(17) of the Florida Statutes, the provisions of section 218.415(14) requiring a minimum number of hours of completion of continuing professional education do not apply.
- 9) There are no known matters that may contradict the District's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, consultants and others regarding possible noncompliance with Florida Statute 218.415, *Local Government Investment Policies*, including communications received between October 1, 2022 and September 30, 2023, including communications received between September 30, 2023 and the date of this letter.

Signature: _____

Signature: _____

Title: _____

Title: _____