Bannon Lakes
Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2023

Bannon Lakes Community Development District

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Bannon Lakes Community Development District
St. Johns County, Florida

Report on Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bannon Lakes Community Development District as of September 30, 2023, and the respective changes in financial position and the 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

To the Board of Supervisors
Bannon Lakes Community Development District

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Bannon Lakes Community Development District

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bannon Lakes Community Development District's internal control over financial reporting and compliance.

Berger Toombs Elam
Gaines + Frank

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

September 23, 2024

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities funded by the District include general government, physical environment, culture/recreation, and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets, and long-term debt are some of the items included in the *notes to financial statements.*

Financial Highlights:

The following are the highlights of financial activity for the year ended September 30, 2023.

- The District's total assets were exceeded by total liabilities by $(5,375,003) (net position). Net investment in capital assets was $(1,545,701) and restricted net position was $462,613. Unrestricted net position was $(4,291,915).

- Governmental activities revenues totaled $1,986,829 while governmental activities expenses totaled $2,208,361.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities and net position of the District.

Net Position

	Governmental Activities	
	2023	**2022**
Current assets	$ 343,131	$ 410,434
Restricted assets	2,845,251	3,177,030
Capital assets	18,912,726	19,178,934
Total Assets	22,101,108	22,766,398
Current liabilities	1,029,980	930,197
Non-current liabilities	26,446,131	26,989,672
Total Liabilities	27,476,111	27,919,869
Net position - net investment in capital assets	(1,545,701)	(1,235,479)
Net position-restricted	462,613	693,901
Net position-unrestricted	(4,291,915)	(4,611,893)
Total Net Position	$ (5,375,003)	$ (5,153,471)

The decrease in current assets and restricted assets is related to expenditures exceeding revenues at the fund level in the current year.

The decrease in capital assets is related to depreciation exceeding capital additions in the current year.

The increase in current liabilities is mainly related to the increase in the current portion of bonds payable in the current year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District.

Change in Net Position

	Governmental Activities	
	2023	2022
Program Revenues		
Charges for services	$ 1,844,549	$ 1,699,966
Operating contributions	38,072	-
General Revenues		
Investment earnings	103,390	6,014
Miscellaneous revenues	818	175,496
Total Revenues	1,986,829	1,881,476
Expenses		
General government	116,427	102,150
Physical environment	645,946	574,006
Culture and recreation	311,955	258,143
Interest and other charges	1,134,033	1,346,690
Total Expenses	2,208,361	2,280,989
Change in Net Position	(221,532)	(399,513)
Net Position - Beginning of Year	(5,153,471)	(4,753,958)
Net Position - End of Year	$ (5,375,003)	$ (5,153,471)

The increase in charges for services is primarily related to the increase in special assessments in the current year.

The decrease in miscellaneous revenues is related to monies received from the homeowner's association in relation to a joint project in the prior year.

The increase in physical environment is related to the increase in landscape expenses in the current year.

The increase in culture/recreation is primarily related to the increase in special events, pool chemicals, and maintenance expenses in the current year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

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

Description	Governmental Activities 2023	2022
Construction in progress	$ 11,823,014	$ 11,788,700
Buildings and improvemnets	3,713,738	3,713,738
Infrastructure	4,721,061	4,721,061
Equipment	200,614	190,914
Accumulated depreciation	(1,545,701)	(1,235,479)
Total Capital Assets (Net)	$ 18,912,726	$ 19,178,934

During the year, depreciation was $310,222 and additions to construction in progress was $34,314 and additions to equipment was $9,700.

General Fund Budgetary Highlights

The budgeted expenditures exceeded actual expenditures primarily because legal expenditures were less than anticipated.

The September 30, 2023 budget was amended because landscape and repairs and maintenance expenditures were more than originally anticipated.

Debt Management

Governmental Activities debt includes the following:

- In January 2016, the District issued $11,850,000 Special Assessment Bonds, Series 2016. The Bonds were issued to provide funds to finance the cost of acquisition, construction, installation, and equipping of the 2016 Project. The balance outstanding at September 30, 2023 was $10,620,000.
- In January 2021, the District issued $7,415,000 Special Assessment Bonds, Series 2021. The Bonds were issued to provide funds to finance the cost of acquisition, construction, installation, and equipping of the 2021 Project. The balance outstanding at September 30, 2023 was $7,110,000.
- In March 2022, the District issued $9,135,000 Special Assessment Bonds, Series 2022. The Bonds were issued to provide funds to finance the cost of acquisition, construction, installation, and equipping of the 2022 Project. The balance outstanding at September 30, 2023 was $9,135,000.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Bannon Lakes Community Development District does not expect any economic factors to have a significant effect on the financial position or the results of operations of the District in fiscal year 2024.

Request for Information

The financial report is designed to provide a general overview of District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bannon Lakes Community Development District, c/o Governmental Management Services, 475 West Town Place, Suite 114, St. Augustine, Florida 32092.

Bannon Lakes Community Development District
STATEMENT OF NET POSITION
September 30, 2023

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	$ 152,254
Investments	65,327
Due from other governments	17,152
Due from developer	68,662
Prepaid expenses	39,686
Deposits	50
Total Current Assets	343,131
Non-Current Assets	
Restricted assets	
Investments	2,845,251
Capital assets, not being depreciated	
Construction in progress	11,823,014
Capital assets, being depreciated	
Infrastructure	4,721,061
Buildings and improvements	3,713,738
Equipment	200,614
Less: accumulated depreciation	(1,545,701)
Total Non-Current Assets	21,757,977
Total Assets	22,101,108
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	22,306
Accrued interest	472,674
Bonds payable	535,000
Total Current Liabilities	1,029,980
Non-Current Liabilities	
Bonds payable, net	26,446,131
Total Liabilities	27,476,111
NET POSITION	
Net investment in capital assets	(1,545,701)
Restricted for debt service	462,613
Unrestricted	(4,291,915)
Total Net Position	$ (5,375,003)

See accompanying notes to financial statements.

Bannon Lakes Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Primary government				
Governmental Activities				
General government	$ (116,427)	$ 97,740	$ 5,801	$ (12,886)
Physical environment	(645,946)	306,854	18,212	(320,880)
Culture and recreation	(311,955)	236,873	14,059	(61,023)
Interest and other charges	(1,134,033)	1,203,082	-	69,049
Total Governmental Activities	$ (2,208,361)	$ 1,844,549	$ 38,072	(325,740)
General Revenues				
Investment earnings				103,390
Miscellaneous revenues				818
Total General Revenues				104,208
Changes in Net Position				(221,532)
Net Position - October 1, 2022				(5,153,471)
Net Position - September 30, 2023				$ (5,375,003)

See accompanying notes to financial statements.

Bannon Lakes Community Development District
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 152,254	$ -	$ -	$ 152,254
Investments	65,327	-	-	65,327
Due from other funds	28,354	5,427	-	33,781
Due from other governments	5,695	11,457	-	17,152
Due from developer	38,072	30,590	-	68,662
Prepaid expenses	39,686	-	-	39,686
Deposits	50	-	-	50
Restricted assets				
Investments	-	1,726,363	1,118,888	2,845,251
Total Assets	$ 329,438	$ 1,773,837	$ 1,118,888	$ 3,222,163
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 22,306	$ -	$ -	$ 22,306
Due to other funds	5,427	-	28,354	33,781
Total Liabilities	27,733	-	28,354	56,087
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	38,072	-	-	38,072
Fund Balances:				
Nonspendable - prepaid expenses/deposits	39,736	-	-	39,736
Restricted - capital projects	-	-	1,090,534	1,090,534
Restricted - debt service	-	1,773,837	-	1,773,837
Assigned capital projects	171,468	-	-	171,468
Unassigned	52,429	-	-	52,429
Total Fund Balances	263,633	1,773,837	1,090,534	3,128,004
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 329,438	$ 1,773,837	$ 1,118,888	$ 3,222,163

See accompanying notes to financial statements.

Bannon Lakes Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSTION OF GOVERNMENTAL ACTIVITIES
September 30, 2023

Total Governmental Fund Balances	$ 3,128,004
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress, $11,823,014, buildings and improvements, $3,713,738, infrastructure, $4,721,061, and equipment, $200,614, net of accumulated depreciation, $(1,545,701), used in governmental activities are not financial resources and; therefore, are not reported at the fund level.	18,912,726
Long-term liabilities, including bonds payable, $(26,835,000), and bond premium, net, $(198,370), net of bond discount, net, $82,239, are not due and payable in the current period and; therefore, are not reported at the fund level.	(26,981,131)
Unavailable revenues are recognized as deferred inflows of resources at the fund level, however, revenue is recognized when earned at the government-wide level.	38,072
Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported in the funds.	(472,674)
Net Position of Governmental Activities	$ (5,375,003)

See accompanying notes to financial statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	$ 641,467	$ 1,203,082	$ -	$ 1,844,549
Investment earnings	4,841	63,079	35,470	103,390
Miscellaneous revenues	818	-	-	818
Total Revenues	647,126	1,266,161	35,470	1,948,757
Expenditures				
Current				
General government	116,427	-	-	116,427
Physical environment	365,519	-	-	365,519
Culture and recreation	282,160	-	-	282,160
Capital outlay	9,700	-	34,314	44,014
Debt service				
Principal	-	360,000	-	360,000
Interest	-	1,143,042	-	1,143,042
Total Expenditures	773,806	1,503,042	34,314	2,311,162
Net change in fund balances	(126,680)	(236,881)	1,156	(362,405)
Fund Balances - October 1, 2022	390,313	2,010,718	1,089,378	3,490,409
Fund Balances - September 30, 2023	$ 263,633	$ 1,773,837	$ 1,090,534	$ 3,128,004

See accompanying notes to financial statements.

Bannon Lakes Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$ (362,405)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation. This is the amount that depreciation, $(310,222), exceeded capital outlay, $44,014, in the current period.	(266,208)
Repayments of bond principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.	360,000
Amortization of bond premium/discount reported at the government-wide level does not require the use of current financial resources and therefore, is not reported as an expenditure at the fund level. This is the current net change.	3,541
Unavailable revenues are recognized as deferred inflows of resources at the fund level, however, revenues are recognized when earned at the government-wide level. This is the current year change in unavailable revenues.	38,072
The change in accrued interest on long-term liabilities is recorded in the Statement of Activities but not in the fund financial statements.	5,468
Change in Net Position of Governmental Activities	$ (221,532)

See accompanying notes to financial statements.

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	$ 633,403	$ 635,773	$ 641,467	$ 5,694
Developer contributions	42,164	42,164	-	(42,164)
Investment earnings	150	4,542	4,841	299
Miscellaneous revenues	300	818	818	-
Total Revenues	676,017	683,297	647,126	(36,171)
Expenditures				
Current				
General government	122,512	119,640	116,427	3,213
Physical environment	285,706	362,511	365,519	(3,008)
Culture and recreation	275,135	286,232	282,160	4,072
Capital outlay	10,000	10,000	9,700	300
Total Expenditures	693,353	778,383	773,806	4,577
Net change in fund balances	(17,336)	(95,086)	(126,680)	(31,594)
Fund Balances - October 1, 2022	142,268	390,313	390,313	-
Fund Balances - September 30, 2023	$ 124,932	$ 295,227	$ 263,633	$ (31,594)

See accompanying notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established on September 21, 2015, by Ordinance 2015-60 of the St. Johns County, Florida Board of County Commissioners, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Bannon Lakes Community Development District. The District is governed by a five-member Board of Supervisors who are elected for four year terms. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present Bannon Lakes Community Development District (the primary government) as a local unit of special-purpose government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

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

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are primarily supported by special assessments and interest. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

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

b. Fund Financial Statements

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District implemented the Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications include non-spendable, restricted, committed, assigned and unassigned.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance – This classification consists of amounts that can only be used for specific purposes pursuant to the constraints imposed by a formal action of the government's highest level of decision making authority.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – When restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

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

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

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

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

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

Debt Service Funds – Accounts for debt service requirements to retire the special assessment bonds. The bond series are secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

Capital Projects Fund – Accounts for construction of infrastructure improvements within the District.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as infrastructure and improvements, and non-current governmental liabilities, such as general obligation bonds, be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;

2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;

3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;

4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

b. Restricted Assets

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

c. Capital Assets

Capital assets, which include construction in progress, buildings and improvements, infrastructure, and equipment are reported in the governmental activities column in the government-wide statements.

The District defines capital assets as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Infrastructure	30 years
Buildings and improvements	10-30 years
Equipment	7 years

d. Budgets

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

e. Unamortized Bond Premium/Discount

Bond premiums/discounts are presented on the government-wide financial statements. The premium/discount is amortized over the life of the bonds. For financial reporting, the unamortized bond premium/discount is netted with the applicable long-term debt.

f. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one time that qualifies for reporting in the category. Unavailable revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

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

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

"Total fund balances" of the District's governmental funds, $3,128,004, differs from "net position" of governmental activities, $(5,375,003), reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (infrastructure and improvements that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Construction in progress	$ 11,823,014
Buildings and improvements	3,713,738
Infrastructure	4,721,061
Equipment	200,614
Accumulated depreciation	(1,545,701)
Total	$ 18,912,726

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

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

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Bonds payable	$ (26,865,000)
Bond discount, net	82,239
Bond premium, net	(198,370)
Total	$ (26,981,131)

Unavailable revenues

Unavailable revenues are recognized as deferred inflows of resources at the fund level, However, revenues are recognized when earned at the government-wide level.

Unavailable revenues	$ 38,072

Accrued interest

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

Accrued interest	$ (472,674)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for government funds, $(362,405), differs from the "change in net position" for governmental activities, $(221,532), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation. The following is the amount of depreciation in excess of current year capital asset acquisitions:

Depreciation	$ (310,222)
Capital outlay	44,014
Total	$ (266,208)

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

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)

Long-term debt transactions

The issuance of new long-term debt and repayments of bond principal are reported as an other financing source or expenditures at the fund level and, thus, have the effect of affecting fund balance because current financial resources have been provided or used.

Bond principal payments	$ 360,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	$ 5,468
Amortization of bond premium/discount, net	$ 3,541

Unavailable revenues

Unavailable revenues are recognized as deferred inflows of resources at the fund level. However, revenues are recognized when earned at the government-wide level. This is the current year change in unavailable revenues.

Change in unavailable revenues	$ 38,072

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet and statement of net position as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The investment policy of the District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2023, the District's bank balance was $187,382 and the carrying value was $152,254. The District controls its exposure to custodial credit risk because it maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

NOTE C – CASH AND INVESTMENTS

Investments

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

Investment	Maturity	Fair Value
Dreyfus Treasury Securities		
Cash Management	30 days*	$ 2,845,251
Florida PRIME	35 days*	65,327
Total		$ 2,910,578

* Weighted Average Maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investments in Dreyfus Treasury Securities Cash Management are Level 1 assets.

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirement that would limit daily access to 100 percent of the account value.

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District monitors investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in treasury funds, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. the District's investment in Dreyfus Treasury Securities Cash Management and Florida PRIME were rated AAAm by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investment in Florida PRIME was 2% of the District's total investments as of September 30, 2023. The investment in Dreyfus Treasury Securities Cash Management was 98% of the District's investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2023 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary. In addition, the District has the ability to hold investments to maturity which may have fair values less than cost. The District's investments are recorded at fair value.

NOTE D – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2022-2023 fiscal year were levied in August 2022. All assessments are payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Assessments paid in March are without discount. All unpaid assessments become delinquent as of April 1. Virtually all unpaid assessments that were on the assessment roll certified and delivered to the Tax Collector are collected via the sale of tax certificates on or prior to June 1. For certain parcels, the District bills and collects the annual assessments.

NOTE E – CAPITAL ASSETS

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

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 11,788,700	$ 34,314	$ -	$ 11,823,014
Capital assets, being depreciated:				
Infrastructure	4,721,061	-	-	4,721,061
Buildings and improvements	3,713,738	-	-	3,713,738
Equipment	190,914	9,700	-	200,614
Total Capital Assets, Being Depreciated	8,625,713	9,700	-	8,635,413
Less accumulated depreciation for:				
Infrastructure	(629,476)	(157,369)	-	(786,845)
Buildings and improvements	(497,809)	(125,257)	-	(623,066)
Equipment	(108,194)	(27,596)	-	(135,790)
Total Accumulated Depreciation	(1,235,479)	(310,222)	-	(1,545,701)
Governmental Activities Capital Assets	$ 19,178,934	$ (266,208)	$ -	$ 18,912,726

Depreciation of $280,427 was charged to physical environment and $29,795 to culture/recreation during the year.

NOTE F – LONG-TERM DEBT

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

Long-term debt is comprised of the following:

Long-term debt at October 1, 2022	$ 27,225,000
Principal payments	(360,000)
Long-term debt at September 30, 2023	26,865,000
Less: bond discount, net	(82,239)
Plus: bond premium, net	198,370
Bonds Payable, Net at September 30, 2023	$ 26,981,131

Long-term debt for Governmental Activities is comprised of the following:

$11,850,000 Special Assessment Bonds, Series 2016 due in annual principal installments beginning November 2019. Interest rates ranging from 4.50% to 5.00% is due May 1 and November 1 beginning May 2016. Current portion is $210,000.	$ 10,620,000
$7,415,000 Special Assessment Bonds, Series 2021 are due in annual principal installments beginning May 2022 maturing May 2051. Interest at various rates between 2.50% and 4.00% is due May and November beginning May 2021. Current portion is $155,000.	7,110,000
$9,135,000 Special Assessment Bonds, Series 2022 are due in annual principal installments beginning May 2024 maturing May 2053. Interest at various rates between 2.875% and 4.00% is due May and November beginning May 2022. Current portion is $170,000.	9,135,000
Bond Payable at September 30, 2023	$ 26,865,000

NOTE F – LONG-TERM DEBT (CONTINUED)

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

Year Ending September 30,	Principal	Interest	Total
2024	$ 535,000	$ 1,129,693	$ 1,664,693
2025	555,000	1,111,255	1,666,255
2026	575,000	1,092,099	1,667,099
2027	595,000	1,071,624	1,666,624
2028	625,000	1,048,830	1,673,830
2029-2033	3,490,000	4,853,305	8,343,305
2034-2038	4,310,000	4,048,300	8,358,300
2039-2043	5,325,000	3,022,250	8,347,250
2044-2048	6,625,000	1,718,075	8,343,075
2049-2053	4,230,000	402,625	4,632,625
Totals	$ 26,865,000	$ 19,498,056	$ 46,363,056

Summary of Significant Bonds Resolution Terms and Covenants

The Series 2016 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after November 1, 2028 at a redemption price equal to the principal amount of the Series 2016 Bonds, together with accrued interest to the date of redemption.

The Series 2021 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2031 at a redemption price equal to the principal amount of the Series 2021 Bonds, together with accrued interest to the date of redemption.

The Series 2022 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2032 at a redemption price equal to the principal amount of the Series 2021 Bonds, together with accrued interest to the date of redemption.

The Series 2016, 2021, and 2022 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indentures.

The Trust Indentures established certain amounts be maintained in a reserve account. In addition, the Trust Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

NOTE F – LONG-TERM DEBT (CONTINUED)

Depository Funds

The bond resolutions establish certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Fund – The Series 2016, 2021, and 2022 Reserve Accounts were funded from the proceeds of the Series 2016, 2021, and 2022 Bonds, respectively, in amounts equal to 50% of the maximum annual debt service requirement for the Series 2016, 2021, and 2022 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Special Assessment Revenue Bonds	
	Reserve Balance	Reserve Requirement
Series 2016	$ 370,625	$ 370,500
Series 2021	$ 207,150	$ 207,150
Series 2022	$ 260,900	$ 260,900

NOTE G – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE H – SUBSEQUENT EVENT

In November 2023, the District made a $5,000 prepayment on the Series 2021 Special Assessment Revenue Bonds.

In May 2024, the District made a $60,000 prepayment on the Series 2022 Special Assessment Revenue Bonds.

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

To the Board of Supervisors
Bannon Lakes Community Development District
St. Johns County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of Bannon Lakes Community Development District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated September 23, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Bannon Lakes Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bannon Lakes Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Berger Toombs Elam Gaines & Frank

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

September 23, 2024

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MANAGEMENT LETTER

To the Board of Supervisors
Bannon Lakes Community Development District
St. Johns County, Florida

Report on the Financial Statements

We have audited the financial statements of the Bannon Lakes Community Development District as of and for the year ended September 30, 2023, and have issued our report thereon dated September 23, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 23, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Bannon Lakes Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Bannon Lakes Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors
Bannon Lakes Community Development District

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 Bannon Lakes Community Development District. It is management's responsibility to monitor the Bannon Lakes Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2023.

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

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

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

1) The total number of District employees compensated in the last pay period of the District's fiscal year: 0
2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 18
3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: $1,293
4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: $777,423
5) Each construction project with a total cost of at least $65,000 approved by the District that is scheduled to begin on or after October 1, 2022, together with the total expenditures for such project: None
6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended, see below.

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

1) The rate or rates of non-ad valorem special assessments imposed by the District: The General Fund, $882.95, and Debt Service Fund, $1,799.83 - $1,875.46.
2) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was $1,844,549.
3) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2016 Bonds, $10,620,000, maturing November 2048, Series 2021 Bonds, $7,110,000, maturing May 2051, and Series 2022 Bonds, $9,135,000 maturing May 2053.

To the Board of Supervisors
Bannon Lakes Community Development District

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	$ 633,403	$ 641,467	$ 8,064
Investment earnings	150	4,841	4,691
Miscellaneous revenues	300	818	518
Developer contributions	42,164	-	(42,164)
Total Revenues	676,017	647,126	(28,891)
Expenditures			
Current			
General government	122,512	116,427	6,085
Physical environment	285,706	365,519	(79,813)
Culture and recreation	275,135	282,160	(7,025)
Capital outlay	10,000	9,700	300
Total Expenditures	693,353	773,806	(80,453)
Excess of revenues over expenditures	(17,336)	(126,680)	(109,344)
Fund Balances - October 1, 2022	142,268	390,263	247,995
Fund Balances - September 30, 2023	$ 124,932	$ 263,583	$ 138,651

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Bannon Lakes Community Development District

Purpose of this Letter

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

Berger Toombs Elam
Gaines + Frank

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

September 23, 2024

Berger, Toombs, Elam,
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INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Board of Supervisors
Bannon Lakes Community Development District
St. Johns County, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Bannon Lakes Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Bannon Lakes Community Development District's compliance with the specified requirements.

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

Berger Toombs Elam Gaines & Frank

Berger, Toombs, Elam, Gaines & Frank
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Fort Pierce, Florida

September 23, 2024