ISLE OF PALMS
SPECIAL DISTRICT

FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

ISLE OF PALMS SPECIAL DISTRICT

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report……..…….……..…….	1
Management's Discussion and Analysis……..	4
Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Position …….	8
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities…….……..	9
Notes to Financial Statements……...….…….…….	10
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund ……..	16
Auditor General Requirements	
Independent Auditors' Management Letter……..…….…….	17
Additional Elements Required by Government Auditing Standards	
Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ……..…	21

MAGERS
& ASSOCIATES, LLC
Certified Public Accountants

165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

INDEPENDENT AUDITORS' REPORT

The Board of District Supervisors
Isle of Palms Special District
Jacksonville, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities of Isle of Palms Special District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–7 and 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Magers & Associates, LLC
Magers & Associates, LLC
Orange Park, FL
March 31, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

We offer readers of the Isle of Palms Special District's (the District) financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. The format of this MD&A usually provides certain comparative information between the current year and prior year, which is required to be presented in the MD&A and is presented in the Financial Highlights.

Financial Highlights

Our financial statements provide these insights into the results of this year's operation:

- The District was established by Ordinance of the City Council of the City of Jacksonville, Duval County, Florida for the limited purpose of maintaining the system of canals known as the North Isle of Palms, Central Isle of Palms and the South Isle of Palms. The District collects special assessments from property owners in the taxing district to accomplish its goals.
- During the fiscal year ended June 30, 2025, the District completed and paid in full for the dredging of all of the canals contained within its boundaries.
- Upon completion of the dredging, the District Board turned its attention toward planning for the future continuing maintenance and navigability of the District's canals and has adopted goals and objectives for that purpose.
- The District worked with the Harbor Waterways Special District (HWSD) to assist it to purchase a spoil site and then entered into a License Agreement with HWSD under which the District is licensed to deposit up to 300,000 yd. of spoil material into the site. The total cost to secure this license is $1,187,500, paid over 4 years. The remaining installment was due and paid in December 2022. This License Agreement allows the District to deposit spoil at a cost of approximately $4 per cubic yard which is substantially below prevailing spoil disposal prices. However, use of the full 300,000 yd. must be completed by 2030, or the license expires.
- At June 30, 2025, the District's statement of net position reported an ending net position balance of $(614,816), an increase of $371,528 from the prior year. The District collected $497,875 in Special Assessment Revenues from property owners in the District during the fiscal year. Discount and fees related to special assessments were $35,295.
- The District had $148,668 in expenses during the year.
- The District's governmental fund balance was $1,751,191. Reconciling items between fund balances of the District and net unrestricted assets all related to bond proceeds and payments throughout the year.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's financial statements, which include a combined governmental fund and a government-wide statement, as well as notes to the financial statements. There is additional supplementary information following these financial statements, which may be of interest to the reader.

The statement of Governmental Fund Balance Sheet/Statement of Net Position is designed to provide you with the financial position of the District and is similar to private-sector financial statements. The statements include a Statement of Net Position and a Statement of Activities.

The statement of Governmental Fund Balance Sheet/Statement of Net Position, general fund column shows the District's near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirement.

Government-wide financial statements – Analysis Statement of Net Position

The Statement of Net Position column shows the District's assets less its liabilities at June 30, 2025. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position. All of the District's net position is unrestricted at June 30, 2025.

	Statement of Net Position	
	2025	**2024**
Assets:		
Current and other assets	$ 1,834,695	$ 1,699,982
Total assets	$ 1,834,695	$ 1,699,982
Liabilities		
Other liabilities	2,449,511	$ 2,686,326
Total liabilities	2,449,511	2,686,326
Net assets:		
Unrestricted	(614,816)	(986,344)
Total net assets	(614,816)	(986,344)
Total liabilities and net assets	$ 1,834,695	$ 1,699,982

Isle of Palms Special District's – Analysis of Statement of Activities

	Statement of Activities	
	2025	**2024**
Revenues		
Special Assessments Revenues	$ 497,875	$ 498,000
City of Jacksonville Match Revenue	-	94,311
Interest Income	22,321	309
Total revenues	520,196	592,620
Program Expenses		
Engineering and Surveying Fees	-	13,820
Dredging	-	333,303
General and Administrative and Other	148,668	176,885
Total expenses	148,668	524,008
Change in net assets	371,528	68,612
Net assets - beginning	(986,344)	(1,054,956)
Net assets - ending	$ (614,816)	$ (986,344)

Governmental activities increased the District's net position by $371,528 and cash and other assets increased by $134,713 since the beginning of the fiscal year. The main reason for the increase in governmental activities was that the District did not have any dredging or engineering expenses as dredging was completed in the beginning of the 2024 fiscal year.

The final budgeted revenue was the same as the original budgeted revenue. Actual revenue was $216,804 less than the final budget. This was mainly due to the City of Jacksonville matching revenue. The District did not amend the final budget to account for the fact there would be no dredging or engineering expenses in the fiscal year to be reimbursed by the City of Jacksonville.

Because the focus of governmental funds, general fund column, is narrower than that of the government-wide financial statement, net position column, it is useful to compare the information presented for governmental activities in the general fund with governmental information presented for governmental activities in the government-wide, column Statement of Net Position.

The Statement of Activities column presents information showing how the net position changed during the fiscal year.

Isle of Palms Special District's – Analysis of Statement of Activities (Continued)

The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the combined governmental fund and government-wide statements

Governmental Funds

The District's revenues and other financing sources decreased by $72,424 during the fiscal year. This was primarily due to not receiving any matching funds from the City of Jacksonville in 2025.

However, interest income increased $22,012. This was a result of moving cash funds into a Florida Prime account during the fiscal year that generated 4.15% interest.

Budgetary Highlights

Budget to actual statements are provided in the financial statements. The budget to actual statement for the General Fund shows that expenditures were under appropriations by $29,447.

This is related to a combination of factors. The main factor is that the District over-budgeted dredging and engineering expenses.

Contacting the District

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the management of the financial resources of the District.

If you have any questions about this report or need additional financial information, you can contact the Board of Supervisors for the Isle of Palms Special District through email at its website at http://www.isleofpalmsjax.com/index.html.

FINANCIAL STATEMENTS

Isle of Palms Special District
Governmental Fund Balance Sheet/Statement of Net Position
June 30, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 1,232,088	$ -	$ 1,232,088
Prepaid	1,068	-	1,068
Prepaid spoilage site fee	537,546	-	537,546
Total Assets	1,770,702	-	1,770,702
DEFERRED OUTFLOWS OF RESOURCES			
Bond issuance costs	-	63,993	63,993
LIABILITIES			
Accrued interest	19,511	-	19,511
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	245,000	245,000
Due in more than one year:			
Bonds payable	-	2,185,000	2,185,000
Total Liabilities	19,511	2,430,000	2,449,511
FUND BALANCE			
Nonspendable	538,614	(538,614)	-
Assigned	323,000	(323,000)	-
Unassigned	889,577	(889,577)	-
Total Fund Balance	1,751,191	(1,751,191)	-
Total Liabilities and Fund Balance	$ 1,770,702		
NET POSITION			
Unrestricted		(614,816)	(614,816)
Total Net Position		$ (614,816)	$ (614,816)

The accompanying notes are an integral part of these financial statements.

Isle of Palms Special District
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance/Statement of Activities
For the year ended June 30, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES:			
Special Assessment Revenue	$ 497,875	$ -	$ 497,875
Miscellaneous Revenue	22,321	-	22,321
	520,196	-	520,196
EXPENDITURES:			
Current Operating Expenses:			
Advertising	90	-	90
Audit and Accounting Fees	9,000	-	9,000
Debt Service:			
Amortization of Bond Issuance Costs	-	9,365	9,365
Interest Expense	83,609	-	83,609
Principal Payments on Bond	235,000	(235,000)	-
Discount and Fees	35,295	-	35,295
Insurance Expense	6,463	-	6,463
Legal Service	3,844	-	3,844
Other Expense	1,002	-	1,002
TOTAL EXPENDITURES	374,303	(225,635)	148,668
EXCESS OF REVENUE OVER EXPENDITURES	145,893	225,635	371,528
NET CHANGE IN FUND BALANCE	145,893	225,635	371,528
FUND BALANCE/NET POSITION			
Beginning of Year	1,605,298	(2,591,642)	(986,344)
End of Year	$ 1,751,191	$ (2,366,007)	$ (614,816)

The accompanying notes are an integral part of these financial statements.

NOTE 1 Summary of Significant Accounting Policies

The accounting policies of Isle of Palms Special District (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies of the District.

Reporting Entity

The District is a dependent special district created by the City Council under ordinance 2011-724-E of the City of Jacksonville, Duval County, Florida pursuant to Section 189.4041 for the limited purpose of continuing maintenance of the system of canals known as North Isle of Palms, Central Isle of Palms and the South Isle of Palms. It is composed of five members (supervisors) residing within the District who are qualified electors of the State of Florida.

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

Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity", as amended, requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the officials of the primary government are financially accountable. Based on the criteria established in GASB Statement Number 14, there are no component units required to be included in the District's financial statements. The District also did not participate in any joint ventures during the 2024/2025 fiscal year.

Basic Financial Statements

The District is engaged in a single governmental program and administers only one fund, the General Fund. It has taken the option of presenting combined fund financial statements and government-wide statements using a columnar format that reconciles fund financial data to government-wide data in a separate column.

The Statements of Net Position and Governmental Fund Balance Sheet reports the District's financial position as of the end of the fiscal year for both the General Fund and the Governmental Activities.

The Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balances reports changes in financial position of the General Fund and the Governmental Activities, and the degree to which functional expenses are offset by program revenues for the governmental activities.

NOTE 1 Summary of Significant Accounting Policies (cont.)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The 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.

The District's governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Net Position

Net position represents the difference between assets and liabilities reported for the governmental activities. Net position is reported as restricted when there are externally imposed restrictions or restrictions imposed by enabling legislation. Unrestricted net position is net position that does not meet the definition of the classification previously described. At June 30, 2025, the District had no restricted net position.

Fund Types and Major Funds

Governmental Funds

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

NOTE 1 Summary of Significant Accounting Policies (cont.)

Fund Balance and Spending Order

In accordance with GASB No. 54, the Organization classifies governmental fund balances as follows:

- Non-spendable Fund Balance – represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as endowment.
- Committed Fund Balance – consists of amounts that can be used only for the specific purposes determined by a formal action of the government‘s highest level of decision-making authority.
- Assigned fund balance – consists of amounts intended to be used by the government for specific purposes but that do not meet the criteria to be classified as restricted or committed.
- Restricted Fund Balance – consists of amounts that can be spent only on the specific purpose stipulated by law or by the external providers of those resources.
- Unassigned Fund Balance – represents the residual classification or fund balance and includes all spendable amounts not contained within the other classifications of the General Fund.

When both restricted and unassigned resources are available for use, it is the Organization’s policy to use restricted resources first, and then unassigned resources, as they are needed for their intended purposes.

Budgets and Budgetary Accounting

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

Use of Estimates

Management used estimates and assumptions in preparing financials statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 2 Cash

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

NOTE 3 Prepaid Spoilage Site Fee

On March 24, 2020, the District entered into a license agreement with Harbour Waterway Special District (HWSD) in the amount of $1,187,500, permitting the deposit of 300,000 cubic yards of dredging material onto HWSD's spoilage site. The District paid $593,750 (50%) at the date of closing, the other half to be paid in three equal payments on December 31st of each year. The District deposited approximately 164,000 cubic yards onto the spoilage site by the end of the 2023/2024 fiscal year or approximately 55% of the permitted deposit. The District amortized approximately 55% of the $1,187,500 license agreement from 2020 to 2024. No dredging occurred during this fiscal year, and for this reason, no amounts were amortized in the 2024/2025 fiscal year.

NOTE 4 Bond Payable

Series 2021

In July 2021, the District issued $3,300,000 of Special Assessment Bonds, Series 2021 consisting of $250,000 Term Bonds due on April 1, 2032 with a fixed interest rate of 3.21%. The Bonds were issued to finance dredging for the benefit of the District. Interest is to be paid semiannually on April 1st and October 1st. Principal on the Bonds is to be paid serially commencing April 2022 through April 2032. The Series 2021 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the fiscal year ending June 30, 2022 as the District used excess revenues to prepay $185,000 of the Bonds. The Bond Indenture established a debt service reserve requirement as well as other 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. The District was in compliance with the requirements at June 30, 2025.

Changes in long-term liability activity for the fiscal year ended June 30, 2025 were as follows:

	Governmental Activities:				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities					
Series 2021	2,665,000	-	(235,000)	2,430,000	245,000

NOTE 4 Bond Payable (Continued)

At June 30, 2025, the scheduled debt service requirements on the long-term debt were as follows:

	Governmental Activities:		
Year ending June 30:	Principal	Interest	Total
2026	$ 245,000	$ 78,000	$ 323,000
2027	250,000	70,000	320,000
2028	260,000	62,000	322,000
2029	265,000	54,000	319,000
2030	275,000	45,000	320,000
2031	285,000	36,000	321,000
2032	850,000	27,000	877,000
	$ 2,430,000	$ 372,000	$ 2,802,000

Interest expense for the year was $83,609 including $19,511 of accrued interest.

Bond issuance costs of $110,200 were paid at the start of the bond and an addition $6,000 was paid in December 2022 to extend the bond. $12,750 was refunded in the December 2023. These amounts shall be amortized over the life of the bond. Amortization expense was $9,365 as of June 30, 2025.

Per Resolution 21-01, "from and after the date of issuance of the Bonds, all Assessments shall be set aside and deposited by the District in an account with the Purchaser designated as the Assessment Fund (the "Assessment Fund"). No payments may be made from the Assessment Fund in any calendar year until such time as the balance in the Assessment Fund exceeds the amount sufficient to pay all principal of and interest on the Bonds in such calendar year."

For this reason, the principal and interest to be paid in the year ending June 30 2026, totaling $323,000, has been included in the assigned fund balance.

NOTE 5 Special Assessments

The Duval County Tax Collector bills and collects special assessments for the District as well as property taxes for all of Duval County, Florida. Special assessments are recognized when levied, to the extent that they result in current receivables. At June 30, 2025 there was no special assessment taxes receivable by the District.

NOTE 5 Special Assessments (Continued)

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

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

NOTE 6 City of Jacksonville

In 2020, the District entered into a funding agreement with the City of Jacksonville (COJ). The agreement stated that the District will be reimbursed for 12% of the project costs (up to $768,000) incurred and paid by the District related to dredging. The agreement shall continue until the earlier of a) 60 months from the effective date or b) final completion of the project and payment of all funding thereafter. This agreement expired in January 2025.

NOTE 7 Risk Management

The District is exposed to various risks of loss including general liability, property, and officials' liability. To manage its risks, the District has commercial insurance and participates in the Florida Municipal Insurance Trust (the "Trust") administered by the Florida League of Cities. The district pays an annual premium to the Trust for its coverage. The premiums are designed to fund the liability risks assumed by the Trust and are based on certain actual exposures of each member.

NOTE 8 Subsequent Events

Subsequent events have been evaluated through March 31, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Isle of Palms Special District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES:				
Special Assessment Revenue	$ 497,000	$ 497,000	$ 497,875	$ 875
City of Jacksonville Match Revenue	200,000	200,000	-	(200,000)
Miscellaneous Revenue	40,000	40,000	22,321	(17,679)
	737,000	737,000	520,196	(216,804)
EXPENDITURES:				
Current Operating Expenses:				
Advertising	250	250	90	(160)
Audit and Accounting Fees	10,000	10,000	9,000	(1,000)
Discount and Fees	35,000	35,000	35,295	295
Dredging Expense and Spoil Site	50,000	50,000	-	(50,000)
Engineering and Surveying Fees	3,500	3,500	-	(3,500)
Dredging Loan Payments and Cost of Loan	200,000	200,000	235,000	35,000
Insurance Expense	7,500	7,500	6,463	(1,037)
Interest Expense	85,000	85,000	83,609	(1,391)
Legal Service	7,500	7,500	3,844	(3,656)
Office Supplies	2,500	2,500	-	(2,500)
Other Expense	-	-	1,002	1,002
Website fees	2,500	2,500	-	(2,500)
TOTAL EXPENDITURES	403,750	403,750	374,303	(29,447)
EXCESS OF REVENUE OVER EXPENDITURES	333,250	333,250	145,893	(187,357)
FUND BALANCE - Beginning of Year	1,605,298	1,605,298	1,605,298	-
FUND BALANCE - End of Year	$ 1,938,548	$ 1,938,548	$ 1,751,191	$ (187,357)

AUDITOR GENERAL REQUIREMENTS

MAGERS
& ASSOCIATES, LLC
Certified Public Accountants

165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Board of District Supervisors
Isle of Palms Special District
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of the Isle of Palms Special District (The "District"), Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated March 31, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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(s) on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 31, 2026, 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 made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District is a special district created by the City Council under ordinance 2011-724-E of the City of Jacksonville, Duval County, Florida pursuant to Section 189.4041 for the limited purpose of continuing maintenance of the system of canals known as North Isle of Palms, Central Isle of Palms and the South Isle of Palms in Duval County, Florida. It is composed of five members (supervisors) residing within the District who are qualified electors of the State of Florida.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, City management represented that the PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District 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 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 District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Special District Component Units

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

Specific Information

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

a. The total number of district employees compensated in the last pay period of the district's fiscal year as $0.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $0.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.

e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as $0.

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 shown on the *Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund* on page 13 of the Financial Statements.

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.

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 District Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Magers & Associates, LLC
Magers & Associates, LLC
Orange Park, FL
March 31, 2026

ADDITIONAL ELEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

MAGERS
& ASSOCIATES, LLC
Certified Public Accountants

165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

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

The Board of District Supervisors
Isle of Palms Special District
Jacksonville, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Isle of Palms Special District (the "District"); as of and for the year ended June 30, 2025, and the related notes to the financial statements and have issued our report thereon dated March 31, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Magers & Associates, LLC
Magers & Associates, LLC
Orange Park, FL
March 31, 2026