



**Municipal Service District of
Ponte Vedra Beach**

Audit Report

September 30, 2020



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Municipal Service District of Ponte Vedra Beach
Ponte Vedra Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of the Municipal Service District of Ponte Vedra Beach (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the District as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021 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 the District's internal control over financial reporting and compliance.

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

Jacksonville, Florida

June 11, 2021

Municipal Service District of Ponte Vedra Beach

Management's Discussion and Analysis

As management of the Municipal Service District of Ponte Vedra Beach (the "District"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

The following are various financial highlights for fiscal year 2020:

- The District's overall net position increased by approximately \$106,000, or 39 percent. This increase is attributable to the increase in tax revenue.
- Total ending unrestricted net position was approximately \$379,000.
- The District had total expenses for the year of approximately \$684,000, compared to revenues of approximately \$790,000.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the District's activities as a whole and fund financial statements that report on the District's individual fund.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the District's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the District's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the District's financial health is improving or deteriorating. However, other non-financial factors, such as changes in the tax base, must also be considered when assessing the overall health of the District.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements.

- Governmental funds – The General Fund is the District's only governmental fund. This fund is accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

Municipal Service District of Ponte Vedra Beach

Management's Discussion and Analysis

CONDENSED FINANCIAL INFORMATION

The following tables present condensed, government-wide data about net position and changes in net position.

Net Position		
	2020	2019
Assets		
Non-capital assets	\$ 395,966	\$ 288,877
Total assets	395,966	288,877
Liabilities		
Current liabilities	16,826	16,216
Total liabilities	16,826	16,216
Net position		
Unrestricted	379,140	272,661
Total net position	\$ 379,140	\$ 272,661

Change in Net Position		
	2020	2019
General revenues		
Taxes	\$ 770,254	\$ 712,793
Intergovernmental	13,385	-
Miscellaneous	6,472	6,211
Total revenues	790,111	719,004
Program expenses		
General government	80,002	78,774
Public safety	335,920	324,945
Physical environment	224,421	193,794
Transportation	43,289	34,416
Total expenses	683,632	631,929
Change in net position	106,479	87,075
Net position, October 1	272,661	185,586
Net position, September 30	\$ 379,140	\$ 272,661

Municipal Service District of Ponte Vedra Beach

Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$790,111 of general revenues and incurred \$683,632 of program expenses. This resulted in a \$106,479 increase in net position.

THE DISTRICT'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$106,479 from \$272,661 to \$379,140.

BUDGETARY HIGHLIGHTS

There were no changes between the original and final budgets for the General Fund.

Revenues received by the General Fund were more than budgeted amounts. The largest variance between final budget amounts and actual results arose from taxes received from St. Johns County.

General Fund expenditures were less than budgeted amounts by \$194,458 of which was a reserve built into the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has no capital assets.

Long-Term Debt

The District has no long-term liabilities.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the District's financial position or results of operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Gary Jurenovich, Treasurer, at P.O. Box 1323, Ponte Vedra Beach, Florida 32004.

Municipal Service District of Ponte Vedra Beach
Statement of Net Position

<i>September 30, 2020</i>	Governmental Activities
<hr/>	
Assets	
Cash and cash equivalents	\$ 395,216
Prepaid expenses	750
<hr/>	
Total assets	395,966
<hr/>	
Liabilities	
Accounts payable and accrued liabilities	16,826
<hr/>	
Net position	
Unrestricted	\$ 379,140
<hr/> <hr/>	

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

Municipal Service District of Ponte Vedra Beach Statement of Activities

<i>For the year ended September 30, 2020</i>	Expenses	Program Revenues	Net (Expenses) Revenue and Change In Net Position
Functions/programs			
Governmental activities:			
General government	\$ 80,002	\$ -	\$ (80,002)
Public safety	335,920	-	(335,920)
Physical environment	224,421	-	(224,421)
Transportation	43,289	-	(43,289)
Total	\$ 683,632	\$ -	(683,632)

General revenues

Property taxes	770,254
Intergovernmental	13,385
Miscellaneous	6,472

Total general revenues 790,111

Change in net position 106,479

Net position, October 1, 2019 272,661

Net position, September 30, 2020 \$ 379,140

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

**Municipal Service District of Ponte Vedra Beach
Balance Sheet – Governmental Funds**

<i>September 30, 2020</i>	General Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 395,216
Prepaid expenses	750
<hr/>	
Total assets	\$ 395,966
<hr/> <hr/>	
Liabilities and fund balances	
Liabilities	
Accounts payable and accrued liabilities	\$ 16,826
<hr/>	
Fund balances	
Nonspendable - prepaid expenses	750
Unassigned	378,390
<hr/>	
Total fund balances	379,140
<hr/>	
Total liabilities and fund balances	\$ 395,966
<hr/> <hr/>	

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

**Municipal Service District of Ponte Vedra Beach
Reconciliation of the Balance Sheet to the
Statement of Net Position – Governmental Funds**

September 30, 2020

Fund balances - total governmental funds	\$ 379,140
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There are no amounts reported in the governmental fund balance sheet that are different from those reported in the statement of net position.

Net position of governmental activities	\$ 379,140
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The accompanying notes are an integral part of this financial statement.

**Municipal Service District of Ponte Vedra Beach
Statement of Revenues, Expenditures and Changes in
Fund Balance – Governmental Funds**

<i>For the year ended September 30, 2020</i>	General Fund
<hr/>	
Revenues	
Taxes	\$ 770,254
Intergovernmental	13,385
Miscellaneous	6,472
<hr/>	
Total revenues	790,111
<hr/>	
Expenditures	
Current:	
General government services	80,002
Public safety	335,920
Physical environment	224,421
Transportation	43,289
<hr/>	
Total expenditures	683,632
<hr/>	
Net change in fund balance	106,479
<hr/>	
Fund balance - October 1, 2019	272,661
<hr/>	
Fund balance - September 30, 2020	\$ 379,140
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The accompanying notes are an integral part of this financial statement.

**Municipal Service District of Ponte Vedra Beach
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of
Activities – Governmental Funds**

For the year ended September 30, 2020

Net change in fund balance - total governmental funds	\$ 106,479
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There are no amounts reported in the statement of activities that are
different from the governmental fund amounts.

Change in net position of governmental activities	\$ 106,479
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The accompanying notes are an integral part of this financial statement.

Municipal Service District of Ponte Vedra Beach Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipal Service District of Ponte Vedra Beach (the “District”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The District was established by Chapter 82-375, Laws of Florida, on April 23, 1982, and approved by a majority of the registered voters of the District in a referendum on June 8, 1982. Chapter 82-375 was amended by Chapter 90-463, Laws of Florida, and approved by a majority of the registered voters in the District in a referendum on November 6, 1990. Chapters 82-375 and 90-463 were amended by Chapter 2002-373, Laws of Florida. The provisions of Chapter 2002-373 were effective October 1, 2002.

The purpose of the District is to provide services, through contracts with third parties, to the residents of the District independent of, as well as supplemental to those services provided by St. Johns County.

The District uses the criteria established in GASB Statement No. 14, as amended, to define the reporting entity and identify component units. There are no component units included within the District’s reporting entity.

The District did not participate in any joint ventures during the 2019 - 2020 fiscal year.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The District has no business-type activities.

The Statement of Net Position reports the District’s financial position as of the end of the year. All of the District’s net position is unrestricted.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Municipal Service District of Ponte Vedra Beach Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The following fund is the only fund used by the District:

Governmental Funds

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources.

Measurement Focus and Basis of Accounting

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. The District has no long-term debt.

Property taxes and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Certain other revenue items may be considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

For purposes of the financial statements, investments in money markets are also included with cash and cash equivalents.

Investments

The District does not have a formal investment policy. Excess funds are deposited in a money market account which is an authorized form of investment pursuant to Section 218.415, Florida Statutes.

Municipal Service District of Ponte Vedra Beach Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of \$1,500 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The District has no capital assets as of September 30, 2020.

Pursuant to GASB 34, the District has elected to report infrastructure prospectively. Depreciable capital assets will be depreciated using the straight-line method over the following estimated useful lives:

	Years
Equipment	5 - 10
Infrastructure	40

Net Position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. Net position is reported as *restricted* when there are legal limitations imposed on their use by the District's legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definition of the classification previously described. The District's net position at September 30, 2020 is unrestricted.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance

The District follows the provisions of GASB Statement No. 54, Fund Balance Reporting and *Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance classifications are described below:

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

Municipal Service District of Ponte Vedra Beach Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the District’s highest level of decision-making authority, which is an ordinance of the District’s Board of Trustees. Committed amounts cannot be used for any other purpose unless the District removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the District’s Board of Trustees or (b) a body or official to which the Trustees have delegated the authority to assign amounts to be used for specific purposes.

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

The District’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates and assumptions. Actual results could vary from the estimates that were used.

Note 2 – PROPERTY TAXES

In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Details of the property tax calendar are presented below.

Lien date	January 1
Levy date	October 1
Regular payments:	
Discount periods	November - February
No discount period	March
Delinquent date	April 1

Property taxes are assessed by the St. Johns County Property Appraiser. These tax revenues are then collected and remitted to the District by the St. Johns County Tax Collector.

Municipal Service District of Ponte Vedra Beach
Notes to Financial Statements

Note 3 – CASH AND CASH EQUIVALENTS

Deposits

All cash of the District is placed in banks that qualify as public depositories, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

Investments

The District’s investment in the money market fund is included in cash and cash equivalents on the balance sheet.

The District’s investment in the money market fund exposes it to credit risk. The District does not have a formal policy relating to this risk, which is hereafter described.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Fund	Amount	Rating
Iberia Money Market	\$ 373,903	Unrated

NOTE 4 – RISK MANAGEMENT

To manage its risks, the District participates in the Florida League of Cities Self Insurance Fund, (the “Fund”), a public entity risk pool currently operating as a common risk management and insurance program for member governments. The District pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member. The District’s settled claims have not exceeded coverage in any of the past three fiscal years.

Required Supplementary Information

Municipal Service District of Ponte Vedra Beach Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2020</i>	Budgeted		Actual	Variance
	Original	Final	Amounts	With Final Budget
Revenues				
Taxes	\$ 751,883	\$ 751,883	\$ 770,254	\$ 18,371
Intergovernmental	-	-	13,385	13,385
Miscellaneous	5,500	5,500	6,472	972
Total revenues	757,383	757,383	790,111	32,728
Expenditures				
General government	97,407	97,407	80,002	17,405
Public safety	335,920	335,920	335,920	-
Physical environment	218,901	218,901	224,421	(5,520)
Transportation	64,500	64,500	43,289	21,211
Reserves for contingency	161,362	161,362	-	161,362
Total expenditures	878,090	878,090	683,632	194,458
Excess of revenues over (under) expenditures	(120,707)	(120,707)	106,479	227,186
Fund balances - October 1, 2019	406,414	406,414	272,661	(133,753)
Fund balances - September 30, 2020	\$ 285,707	\$ 285,707	\$ 379,140	\$ 93,433

Notes to Schedule

The annual budget is prepared by the Treasurer and approved by the Board of Trustees. The budget is prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. Budget amendments can only be made with approval of the Board of Trustees. The fund is the legal level of control.

**Additional Elements Required by the
Rules of the Auditor General**



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MANAGEMENT LETTER

Board of Trustees
Municipal Service District of Ponte Vedra Beach
Ponte Vedra Beach, Florida

We have audited the financial statements of the Municipal Service District of Ponte Vedra Beach (the "District"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 11, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 11, 2021, 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. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter. Prior years finding 2019-001 and 2018-002 will be repeated as 2020-001.

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 has 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 10.544(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.

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 which 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, the Board of Trustees of the Municipal Service District of Ponte Vedra Beach, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

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

Jacksonville, Florida
June 11, 2021



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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*

Board of Trustees
Municipal Service District of Ponte Vedra Beach
Ponte Vedra Beach, Florida

We have audited, 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, the financial statements of the governmental activities and the General Fund of the Municipal Service District of Ponte Vedra Beach (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 11, 2021.

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 opinions 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Carly Riggs & Ingram, L.L.C.

Jacksonville, Florida
June 11, 2021



Carr, Riggs & Ingram, LLC
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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Board of Trustees
Municipal Service District of Ponte Vedra Beach
Ponte Vedra Beach, Florida

We have examined the Municipal Service District of Ponte Vedra Beach's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, LLC

Jacksonville, Florida
June 11, 2021

Municipal Service District of Ponte Vedra Beach Schedule of Findings

2020-001 (Reported in previous audit reports as items 2019-001 and 2018-002.)

Criteria – Financial statements must be presented in accordance with generally accepted accounting principles.

Condition – As a part of the audit process, it was necessary for us to propose material adjustments to the financial statements.

Cause – Prior year audit adjustments were not posted and grant revenue was not recorded properly.

Effect – Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

Response – We have evaluated the cost versus benefit of improving internal controls over the preparation of financial statements in accordance with GAAP, and we will implement procedures to ensure audit adjustments are reflected in the financial statements.