

**LAKE ASBURY MUNICIPAL
SERVICE BENEFIT DISTRICT**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2021



LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Financial Statements	
Statement of Net Position.....	7
Statement of Activities And Changes In Net Position	8
Fund Financial Statements	
Balance Sheet – Governmental Fund.....	9
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Governmental Fund.....	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities.....	12
Notes to Financial Statements.....	13
Required Supplementary Information	
Infrastructure Assets Reported Using the Modified Approach.....	17
Auditor General Requirements	
Independent Auditors' Management Letter.....	19
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



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 Trustees
Lake Asbury Municipal Service Benefit District
Doctors Inlet, Florida

We have audited the accompanying financial statements of the governmental activities of Lake Asbury Municipal Service Benefit District (the "District") as of and for the year ended September 30, 2021, 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 an opinion 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. 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 auditor's 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 opinion.

Opinion

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 September 30, 2021, 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, budgetary comparison information on page 11, and trend data on infrastructure condition information on pages 5 and 17 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 May 2, 2022 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 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 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.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, FL
May 2, 2022

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2021

Within this section of the Lake Asbury Municipal Service Benefit District's report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Significant Matters

Effective for the fiscal year beginning on October 1, 2010, the District increased the assessment per lot from \$100 to \$600 per year and eliminated the ad valorem tax.

These actions have enabled the District to obtain financing for major capital improvement projects. In June 2012, the District borrowed \$840,000, which was restricted for use for capital improvements. The Organization paid off the loan in February of 2019. There is no outstanding loan balance as of September 30, 2021. In fiscal year 2012, the District entered into a \$695,689 contract for capital improvements to the South Lake spillway. The capital improvements were completed in fiscal year 2014. In January 2016, the District entered into a \$30,405 contract for capital improvements to Lake Ryan. This contract was completed in April 2016.

Financial Highlights

A summary of revenues and expenditures on a government fund basis for the years ended September 30 is as follows:

	<u>2021</u>	<u>2020</u>
Special Assessments	\$ 268,200	\$ 268,200
Other	<u>620</u>	<u>1,767</u>
	<u>268,820</u>	<u>269,967</u>
Repairs & Maintenance	214,736	70,577
Debt Service	-	-
Other	<u>187,977</u>	<u>83,047</u>
	<u>402,713</u>	<u>153,624</u>

The District borrowed \$840,000 during 2012. The proceeds of the loan are restricted, per the loan agreement, to capital improvements. The \$840,000 capital improvement loan's annual installment is payable in June of each year with the first payment due in 2013. The Organization paid off the loan in February of 2019. There is no outstanding loan balance as of September 30, 2021.

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2021

As of September 30, total net position is comprised of:

	<u>2021</u>	<u>2020</u>
Cash	\$ 465,664	\$ 597,878
Other	8,600	4
Infrastructure	709,622	709,622
Land	<u>6,003</u>	<u>6,003</u>
Total Assets	<u>1,189,889</u>	<u>1,313,507</u>
Accounts Payable	<u>15,973</u>	<u>5,698</u>
Total Liabilities	<u>15,973</u>	<u>5,698</u>
Total Net Position	<u><u>\$ 1,173,916</u></u>	<u><u>\$ 1,307,809</u></u>

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. These basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

The first of these government-wide fund statements is the Statement of Net Position. This is the District's statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the lakes and dams in addition to the financial information provided in this report.

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2021

Overview of the Financial Statements (con't)

The second government-wide fund statement is the Statement of Activities which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash was received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities or functions on revenues provided by the taxpayers through special assessments.

The District utilizes its general fund to report all its activities which are principally supported by taxes.

Modified Approach to Infrastructure Assets

Lake Asbury Municipal Service Benefit District (LAMSBD) has elected to use the modified approach for infrastructure reporting and to account for maintenance of the dams in accordance with guidelines for earthen dams recommended by Florida's State Dam Safety Official (SDSO) and St. Johns River Water Management District (SJRWMD). This means that, in lieu of reporting depreciation on infrastructure, LAMSBD reports as preservation expense the costs associated with maintaining:

1. The earthen dam structures with a Slope Stability Factor of Safety of 1.4 (recommend changing to a Safety Factor of 1.5 or better)
2. Impoundment capacity to withstand overtopping conditions for a ½ Probable Maximum Precipitation (PMP) Storm, no pre-storm drawdown.
3. No seepage above the toe of the dam.
4. Impoundment capacity to withstand overtopping conditions for a ½ Probable Maximum Precipitation (PMP) Storm, 72-hour pre-storm drawdown.

Pursuant to best management practices, LAMSBD continues to plan for 50-year earthen dam upgrades for ever changing basin hydrology, correction for settlement dam cores, and improved slope safety. LAMSBD, in conjunction with current Engineering Advisory Board, is creating an updated Capital Improvement Plan and Maintenance Plan.

The Florida Department of Environmental Protection (FDEP) Dam Safety Division has utilized a FEMA Grant to initiate a comprehensive Inundation Study. The results of the study have been incorporated into the LAMSBD Emergency Action Plan (EAP), which has become part of the Clay County EAP. The results of the study may also be used to make adjustments to the LAMSBD Capital Improvement Plan. The FDEP Dam Safety Division contracted with the COMAK Group Inc. in association with Mott-McDonald Florida, LLC to perform the study. The No Dam Break Inundation Study has been completed and has been reviewed by the Engineering Advisory Group. The Dam Break Inundation Study was completed in 2021, but has not been peer-reviewed.

Lake Asbury Municipal Service Benefit District
Management's Discussion and Analysis
September 30, 2021

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses its funds to ensure and demonstrate compliance with finance-related laws and regulations. All the governmental operating activities of the District are reflected in the general fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to the understanding of the financial statements.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District at Post Office Box 30252, Doctors Inlet, Florida 32030.

FINANCIAL STATEMENTS

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Statement of Net Position

September 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 465,664
Prepaid Expenses	<u>8,600</u>
Total Current Assets	<u>474,264</u>
Infrastructure	709,622
Land	<u>6,003</u>
Total Noncurrent Assets	<u>715,625</u>
Total Assets	<u><u>\$ 1,189,889</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>\$ 15,973</u>
Total Current Liabilities	<u>15,973</u>
NET POSITION	
Invested in Capital Assets, net of related debt	\$ 715,625
Unrestricted	<u>458,291</u>
Total Net Position	<u><u>\$ 1,173,916</u></u>

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Statement of Activities and Changes in Net Position

Year ended September 30, 2021

Revenues	
Special Assessments	\$ 268,200
Interest Income	620
Miscellaneous Income	-
	<hr/>
Total Revenue	268,820
	<hr/>
Expenditures	
Personnel Services	5,479
Professional Services	146,081
Collection and Discounts	14,144
Accounting and Auditing	10,275
Other Contracted Support	1,268
Travel and Per Diem	558
Communications and Postage	315
Utilities	464
Insurance	7,710
Repairs and Maintenance	214,736
Legal Notices	266
Office Expense	1,242
Memberships & Subscriptions	175
	<hr/>
Total Expenditures	402,713
	<hr/>
Excess of Revenues over Expenditures	(133,893)
Net Position, Beginning	<hr/> 1,307,809
Net Position, Ending	<hr/> <hr/> \$ 1,173,916

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Balance Sheet - Governmental Fund

September 30, 2021

ASSETS

Cash	\$	465,664
Prepaid Expenses		<u>8,600</u>
Total Assets	\$	<u><u>474,264</u></u>

LIABILITIES

Current Liabilities		
Accounts Payable	\$	<u><u>15,973</u></u>

FUND BALANCE

Reserved for:		
Reserved for prepaids		8,600
Unreserved		
Undesignated		<u>449,691</u>
Total Fund Balance	\$	<u><u>458,291</u></u>

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Reconciliation of the Balance Sheet of the
Governmental Fund to the Statement of Net Position
September 30, 2021

Fund Balance - Total Governmental Funds \$ 458,291

Amounts reported in Governmental Activities in
the Statement of Net Position are different because

Capital Assets used in governmental activities are
not financial resources and therefore are not
reported in the governmental funds:

Capital Assets 715,625

Net Position of the Governmental Funds \$ 1,173,916

See accompanying notes to financial statements.

LAKE ASBURY MUNICIPAL SERVICE BENEFIT DISTRICT

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Governmental Fund
Year ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Special Assessments	268,800	268,800	268,200	(600)
Interest Income	1,000	1,000	620	(380)
Miscellaneous Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>269,800</u>	<u>269,800</u>	<u>268,820</u>	<u>(980)</u>
Expenditures				
Personnel Services	6,460	6,460	5,479	(981)
Professional Services	54,000	54,000	146,081	92,081
Accounting and Auditing	9,500	9,500	10,275	775
Other Contracted Support	6,360	6,360	1,268	(5,092)
Travel and Per Diem	700	700	558	(142)
Communications and Postage	200	200	315	115
Utilities	550	550	464	(86)
Insurance	8,250	8,250	7,710	(540)
Repairs and Maintenance	78,000	78,000	214,736	136,736
Legal Notices	350	350	266	(84)
Office Expense	300	300	1,242	942
Memberships & Subscriptions	175	175	175	-
Commissions & Discounts	22,000	22,000	14,144	(7,856)
Capital Outlay	<u>540,000</u>	<u>540,000</u>	<u>-</u>	<u>(540,000)</u>
Total Expenditures	<u>726,845</u>	<u>726,845</u>	<u>402,713</u>	<u>(324,132)</u>
Excess of Revenues over Expenditures	(457,045)	(457,045)	(133,893)	323,152
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>592,184</u>	<u>592,184</u>
Fund Balance, End of Year	<u>\$ (457,045)</u>	<u>\$ (457,045)</u>	<u>\$ 458,291</u>	<u>915,336</u>

See accompanying notes to financial statements.

Lake Asbury Municipal Service Benefit District

Notes to Financial Statements

September 30, 2021

NOTE 1 Summary of Significant Accounting Policies

The accounting policies of Lake Asbury Municipal Service Benefit 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 special district created by 1986 House Bill 696 of the State of Florida Legislature for the purpose of continuing maintenance of the lakes and dams known as Lake Asbury, South Lake Asbury and Lake Ryan in Clay County, Florida. It is composed of nine members (trustees) 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.

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 District’s governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

Lake Asbury Municipal Service Benefit District

Notes to Financial Statements

September 30, 2021

NOTE 1 Summary of Significant Accounting Policies (cont.)

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.

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.

Infrastructure Assets

The District has elected to use the “modified approach” to account for certain infrastructure assets, as provided in GASB Statement No. 34, Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments.

Under this process, the District is not required to record depreciation expense as long as certain requirements are met. Utilization of this approach requires the District to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the government, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels.

Dams and spillways maintained by the District are accounted for using the modified approach.

Encumbrances

Encumbrance accounting is not used by the District.

Lake Asbury Municipal Service Benefit District

Notes to Financial Statements

September 30, 2021

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 Fixed Assets

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and are reported in the financial statements. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives is not capitalized. The District's capital assets consist of land and infrastructure.

NOTE 4 Intangible Assets

Vacation and Sick Pay

The District has one part-time employee and has no formal vacation and/or sick pay policy which would require accumulation of these benefits.

NOTE 5 Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance			Balance
	9/30/2020	Additions	Deletions	9/30/2021
Infrastructure	\$ 709,622	\$ -	\$ -	\$ 709,622
Land	6,003	-	-	6,003
Total Capital Assets	<u>\$ 715,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,625</u>

Lake Asbury Municipal Service Benefit District

Notes to Financial Statements

September 30, 2021

NOTE 6 Special Assessments

The Clay County Tax Collector bills and collects special assessments for the District as well as property taxes for all of Clay County, Florida. Special assessments are recognized when levied, to the extent that they result in current receivables. At September 30, 2021, there was no special assessment taxes receivable by the District.

Real property taxes, special assessment taxes, and tangible personal property taxes are assessed by the Clay 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 Clay 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 7 Subsequent Events

Subsequent events have been evaluated through May 2, 2022 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Lake Asbury Municipal Service Benefit District
Infrastructure Assets Reported Using the Modified Approach
September 30, 2021

The following table summarizes the rating given to each dam related to its ability to meet the four criteria listed on Page 5. The rating is between 0 and 100. The overall system is the average of the ratings for each dam.

The ratings for each criteria are shown below.

Criteria #	Rating	Rating	Rating
	North Lake Asbury Dam	South Lake Asbury Dam	Lake Ryan Dam
1	100	100	100
2	0	50	50
3	50	100	50
4	100	100	100
Average for each Dam	62.5	87.5	75

Since each Dam must stand alone there is no calculation for a “system average”.

The ratings provided are based, in part, on engineering studies/reports developed or completed in 2020/2021. Some of these studies have not been peer-reviewed. This will be tasked to the District’s consulting engineer and Advisory Group. The studies are listed below.

- Report of Dam Assessment for Lake Asbury, South lake Asbury and Lake Ryan Dams. September 2020, Jackson Geotechnical Engineering LLC (**Jackson, 2020**)
- Lake Drawdown Analysis for Lake Asbury, South Lake Asbury, Lake Ryan and Lake Larc. October 2020, Toco Engineering LLC (**Tocoi, 2020**)
- Inundation Modeling and Mapping for Lake Asbury Dams, Lake Asbury Municipal Services Benefit District, Green Cove Springs. Clay County, Florida: July 2020, Florida Department of Environmental Protection, Florida Dam Safety Program, Division of Water Resources. [*This study was conducted by the FDEP for the benefit of LAMSBD*]
- Report of Geotechnical Exploration Lake Asbury Dam Stability Analysis, lake Asbury, Florida. February 2021. Jackson Geotechnical Engineering LLC (**Jackson, 2021**)

The District used the services of the then District Engineer, Toco Engineering LLC and Jackson Geotechnical Engineering LLC to assess the infrastructure conditions during 2020. During the year 2020 the District Engineer and the Geotechnical Engineer made several visual assessments of the Dams. Additionally, a review of the video results of pressure tests conducted in recent years on the existing drawdown pipes (South Lake Asbury Dam) was performed; however, this review will need to be conducted again due to the poor quality of the video in those reports and issues regarding the methodology of the testing. These assessments suggested the need for further detail investigations of the conditions of the dams and spillways. LAMSBD has issued contracts for the preliminary study of drawdown requirements and conceptual drawings of the drawdown devices.

Lake Asbury Municipal Service Benefit District
Infrastructure Assets Reported Using the Modified Approach
September 30, 2021

In 2020, based on the results of visual observations, review of previous tests and new engineering reports, the dams and spillways do not appear to be in good or better condition.

Criteria #1: The results of **Jackson 2021** show that Criteria #1 (Slope Stability Factor) is being met by each dam.

Criteria #2: With no draw down allowed for this criteria, only the South Lake Asbury and Lake Ryan Dams partially meet this criteria.

Criteria #3: Seepage has been noted during site visits above the toe of the dam in the Lake Asbury and Lake Ryan Dams; therefore, Criteria #3 is only met by one of the dams in the system. Seepage in the Lake Asbury and Lake Ryan Dams is moderate, but needs to be addressed in the Capital Improvement Plan.

Criteria #4: Each dam meets the requirements for Criteria #4 at this time.

Pursuant to best management practices LAMSBD continues to plan for 50-year earthen dam upgrades for ever changing basin hydrology, correction for settlement dam cores, and improved slope safety. LAMSBD, in conjunction with current Engineering Advisory Board, is creating an updated Capital Improvement Plan and Maintenance Plan.

For the years ending September 30, 2021, Lake Asbury Municipal Service benefit District estimated the cost of maintaining and preserving its dams and spillways in good or better condition to be \$78,000. The actual costs incurred to keep these infrastructure assets in good or better condition was \$150,275.

The budget-to-actual expenditures for infrastructure maintenance for the past five years are as follows:

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>
2021	\$78,000	\$150,275
2020	\$73,000	\$ 30,095
2019	\$67,000	\$ 44,125
2018	\$52,092	\$ 14,157
2017	\$41,996	\$ 14,067

AUDITOR GENERAL REQUIREMENTS



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 Trustees
Lake Asbury Municipal Service Benefit District
Doctors Inlet, Florida

Report on the Financial Statements

We have audited the financial statements of the Lake Asbury Municipal Service Benefit District (The "District"), Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 2, 2022.

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 May 2, 2022, 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.

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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 1.
- 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 \$5,084.
- 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

Specific Information (*For an independent special district that imposes ad valorem taxes*)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The mileage rate or rates imposed by the district as \$0.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as \$0.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as \$0

Specific Information (For an independent special district that imposes non-ad valorem special assessments)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as \$600/lot/year.
- b. The total amount of special assessments collected by or on behalf of the district as \$268,200.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as \$0

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 Trustees, 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

May 2, 2022

**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 Trustees
Lake Asbury Municipal Service Benefit District
Doctors Inlet, 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 of Lake Asbury Municipal Service Benefit District (the "District"); as of and for the year ended September 30, 2021, and the related notes to the financial statements and have issued our report thereon dated May 2, 2022.

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.

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

May 2, 2022