

**St. Johns Forest Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2016**

**St. Johns Forest Community Development District**

**ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2016**

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## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of St. Johns Forest Community Development District as of and for the year ended September 30, 2016, and the related notes to 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting 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 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.

Fort Pierce / Stuart

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To the Board of Supervisors  
St. Johns Forest Community Development District

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Johns Forest Community Development District, as of September 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity 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 Discussion and Analysis 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 a report dated February 25, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 St. Johns Forest Community Development District's internal control over financial reporting and compliance.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

February 25, 2017

**St. Johns Forest Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**St. Johns Forest Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including improvements and infrastructure, are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

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

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2016.

- ◆ The District's total assets exceeded total liabilities by \$3,370,501 (net position). Net investment in capital assets for the District was \$3,054,138. Unrestricted net position for Governmental Activities was \$281,868. Governmental activities restricted net position was \$34,495 .
- ◆ Governmental activities revenues and gain on debt extinguishment totaled \$710,704 while governmental activities expenses totaled \$679,694.

**St. Johns Forest Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Current assets	\$ 306,066	\$ 321,460
Restricted assets	213,308	555,531
Capital assets	6,511,031	6,654,213
Total Assets	<u>7,030,405</u>	<u>7,531,204</u>
Deferred outflows of resources	<u>97,884</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>7,128,289</u>	<u>7,531,204</u>
Current liabilities	645,756	715,248
Non-current liabilities	3,112,032	3,476,465
Total Liabilities	<u>3,757,788</u>	<u>4,191,713</u>
Net position - net investment in capital assets	3,054,138	2,872,560
Net position - restricted	34,495	158,116
Net position - unrestricted	<u>281,868</u>	<u>308,815</u>
Total Net Position	<u>\$ 3,370,501</u>	<u>\$ 3,339,491</u>

The decreases in current assets and net position – unrestricted is primarily due to expenditures in excess of revenues at the fund statement level.

The decrease in restricted assets, non-current liabilities, and net position – restricted results from a bond refunding in the current year.

The decrease in capital assets was due to depreciation.

The increase in deferred outflows of resources and net investment in capital assets is primarily due to a bond refunding in the current year.

The decrease in total liabilities was primarily related to principal payments on bonds outstanding and developer obligation.

**St. Johns Forest Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

**Change In Net Position**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Program Revenues		
Charges for services	\$ 605,081	\$ 806,497
General Revenues		
Miscellaneous	1,800	2,957
Investment earnings	1,979	1,416
Gain on extinguishment of debt	101,844	-
	<u>710,704</u>	<u>810,870</u>
 Expenses		
General government	104,901	102,186
Physical environment	275,753	242,908
Interest on long-term debt	299,040	252,296
	<u>679,694</u>	<u>597,390</u>
 Change in Net Position	31,010	213,480
 Net Position - Beginning of Year	<u>3,339,491</u>	<u>3,126,011</u>
 Net Position - End of Year	<u><u>\$ 3,370,501</u></u>	<u><u>\$ 3,339,491</u></u>

The reduction in charges for services was the result of less debt service prepayments received in the current year.

The gain on extinguishment of debt is the result of a settlement agreement with the developer for less than the outstanding deferred obligation.

The increase in physical environment expenses is primarily related to an increase in the use of reserves in the current year.

The increase in interest on long-term debt is the result of a bond refunding in the current year.

**St. Johns Forest Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2016 and 2015.

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 3,879,381	\$ 3,879,381
Infrastructure	4,183,623	4,183,623
Less: accumulated depreciation	<u>(1,551,973)</u>	<u>(1,408,791)</u>
Governmental Activities Capital Assets	<u>\$ 6,511,031</u>	<u>\$ 6,654,213</u>

During the year, depreciation was \$143,182.

**General Fund Budgetary Highlights**

The final budget exceeded actual expenditures primarily because of lower landscaping expenditures than were anticipated.

The September 30, 2016 budget was amended for the use of reserves.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In February 2016, the District issued \$3,685,000 Series 2016 Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund and redeem the outstanding Series 2003A Capital Improvement Revenue Bonds. The balance outstanding on the Series 2016 Bonds at September 30, 2016 was \$3,685,000.

**Economic Factors and Next Year's Budget**

St. Johns Forest Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2017.

**St. Johns Forest Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Request for Information**

The financial report is designed to provide a general overview of St. Johns Forest Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the St. Johns Forest Community Development District, Severn Trent Management Services, Inc., 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

**St. Johns Forest Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 299,703
Assessments receivable	1,532
Due from other governments	4,831
Total Current Assets	306,066
Non-Current Assets	
Restricted Assets	
Investments	213,308
Capital Assets, Not Being Depreciated	
Land and improvements	3,879,381
Capital Assets, Being Depreciated	
Infrastructure	4,183,623
Less: accumulated depreciation	(1,551,973)
Total Non-Current Assets	6,724,339
Total Assets	7,030,405
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount on refunding	97,884
Total Assets and Deferred Outflows of Resources	7,128,289
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	20,025
Bonds payable	580,000
Accrued interest	45,731
Total Current Liabilities	645,756
Non-Current Liabilities	
Bonds payable, net	3,112,032
Total Liabilities	3,757,788
 <b>NET POSITION</b>	
Net investment in capital assets	3,054,138
Restricted for debt service	34,495
Unrestricted	281,868
Total Net Position	\$ 3,370,501

*See accompanying notes to financial statements.*



**St. Johns Forest Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2016**

	General	Debt Service 202	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 299,703	\$ -	\$ 299,703
Assessments receivable	385	1,147	1,532
Due from other governments	1,805	3,026	4,831
Restricted assets			
Investments, at fair value	-	213,308	213,308
Total Assets	\$ 301,893	\$ 217,481	\$ 519,374
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 20,025	\$ -	\$ 20,025
 <b>FUND BALANCES</b>			
Restricted:			
Debt service	-	217,481	217,481
Capital projects	-	-	-
Assigned:			
Operating reserves	59,162	-	59,162
Entry signs and columns	61,473	-	61,473
Entry fountain	13,351	-	13,351
Streetlights	16,462	-	16,462
Unassigned	131,420	-	131,420
Total Fund Balances	281,868	217,481	499,349
Total Liabilities and Fund Balances	\$ 301,893	\$ 217,481	\$ 519,374

*See accompanying notes to financial statements.*

**St. Johns Forest Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2016**

Total Governmental Fund Balances	\$	499,349
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets not being depreciated, land and improvements, used in governmental activities are not financial resources and; therefore, are not reported at the funds statement level.		3,879,381
Capital assets being depreciated, infrastructure, \$4,183,623; net of accumulated depreciation, \$(1,551,973) used in governmental activities are not financial resources and; therefore, are not reported at the fund statement level.		2,631,650
Long-term liabilities, including bonds payable, \$(3,685,000), and bond premium, net, \$(7,265), are not due and payable in the current period and; therefore, are not reported at the funds statement level.		(3,692,032)
Deferred outflows of resources are financial resources and therefore, are not reported at the fund statement level.		97,884
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported at the funds statement level.		<u>(45,731)</u>
Net Position of Governmental Activities	\$	<u><u>3,370,501</u></u>

*See accompanying notes to financial statements.*

**St. Johns Forest Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2016**

	General	Debt Service 201	Debt Service 202	Capital Projects 301	Totals Governmental Funds
<b>Revenues</b>					
Special assessments	\$ 205,459	\$ 362,971	\$ 36,651	\$ -	\$ 605,081
Investment earnings	1,666	200	97	16	1,979
Miscellaneous revenues	1,800	-	-	-	1,800
<b>Total Revenues</b>	<u>208,925</u>	<u>363,171</u>	<u>36,748</u>	<u>16</u>	<u>608,860</u>
<b>Expenditures</b>					
Current					
General government	103,301	-	1,600	-	104,901
Physical environment	132,571	-	-	-	132,571
Debt service					
Principal	-	239,621	3,715,000	-	3,954,621
Interest	-	114,997	15,244	-	130,241
Other	-	3,868	313,148	-	317,016
<b>Total Expenditures</b>	<u>235,872</u>	<u>358,486</u>	<u>4,044,992</u>	<u>-</u>	<u>4,639,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,947)</u>	<u>4,685</u>	<u>(4,008,244)</u>	<u>16</u>	<u>(4,030,490)</u>
<b>Other financing sources (uses)</b>					
Proceeds from bond refunding	-	-	3,685,000	-	3,685,000
Bond premium	-	-	7,265	-	7,265
Transfers in	-	-	533,460	52,783	586,243
Transfers out	-	(533,389)	-	(52,854)	(586,243)
<b>Total Other Financial Sources (Uses)</b>	<u>-</u>	<u>(533,389)</u>	<u>4,225,725</u>	<u>(71)</u>	<u>3,692,265</u>
<b>Net Change in Fund Balances</b>	<u>(26,947)</u>	<u>(528,704)</u>	<u>217,481</u>	<u>(55)</u>	<u>(338,225)</u>
<b>Fund Balances - October 1, 2015</b>	<u>308,815</u>	<u>528,704</u>	<u>-</u>	<u>55</u>	<u>837,574</u>
<b>Fund Balances - September 30, 2016</b>	<u>\$ 281,868</u>	<u>\$ -</u>	<u>\$ 217,481</u>	<u>\$ -</u>	<u>\$ 499,349</u>

See accompanying notes to financial statements.

**St. Johns Forest Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2016**

Net Change in Fund Balances -Total Governmental Funds \$ (338,225)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period. (143,182)

Repayments of long-term liabilities are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 3,954,621

Bond proceeds (\$(3,685,000)) and bond premium (\$(7,265)) are reported as other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position. (3,692,265)

Gain on extinguishment of long-term liabilities are not reported in the governmental funds, but reduced liabilities in the Statement of Net Position. 101,844

Certain other debt service cost at the fund level are recognized as deferred amount on refunding in the Statement of Net Position. 101,131

Deferred outflows of resources for refunding debt is recognized as a component of interest on long term debt in the Statement of Activities, but not in the governmental funds. This is the amount of interest in the current year period. (3,247)

Amortization of bond premium does not require the use of current resources and therefore is not reported in the governmental funds. This is the amount of amortization in the current period. 233

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest in the current period. 50,100

Change in Net Position of Governmental Activities \$ 31,010

*See accompanying notes to financial statements.*

**St. Johns Forest Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Special assessments	\$ 204,982	\$ 204,982	\$ 205,459	\$ 477
Investment earnings	500	500	1,666	1,166
Miscellaneous revenues	-	-	1,800	1,800
Total Revenues	<u>205,482</u>	<u>205,482</u>	<u>208,925</u>	<u>3,443</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	97,898	102,898	103,301	(403)
Physical environment	136,500	192,542	132,571	59,971
Capital outlay	2,250	2,250	-	2,250
Total Expenditures	<u>236,648</u>	<u>297,690</u>	<u>235,872</u>	<u>61,818</u>
Net Change in Fund Balances	(31,166)	(92,208)	(26,947)	65,261
Fund Balances - October 1, 2015	<u>288,410</u>	<u>308,815</u>	<u>308,815</u>	<u>-</u>
Fund Balances - September 30, 2016	<u><u>\$ 257,244</u></u>	<u><u>\$ 216,607</u></u>	<u><u>\$ 281,868</u></u>	<u><u>\$ 65,261</u></u>

*See accompanying notes to financial statements.*

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Reporting Entity**

The District was created on March 6, 2003, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance #2003-12 of the Board of County Commissioners of St. Johns County, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the St. Johns Forest Community Development District. The District is governed by a Board of Supervisors who are elected to four year terms. The District operates within the criteria established by Chapter 190.

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

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 61, The Financial Reporting Entity, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

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

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

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

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

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

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

**b. Fund Financial Statements**

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

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

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District reports fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

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

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

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

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

**Fund Balance Spending Hierarchy** - For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon 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 a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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

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

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

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

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bonds are secured by a first lien on and pledge of the Pledged Revenues.

Capital Projects Fund – The Capital Projects Fund account for construction of infrastructure improvements within the boundaries of the district.

**b. Non-current Governmental Assets/Liabilities**

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

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

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

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

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**b. Restricted Net Position**

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

**c. Capital Assets**

Capital assets, which include land and improvements, and construction in progress, are reported in the governmental activities column.

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

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

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

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

Infrastructure	20 – 30 years
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**d. Deferred Outflows of Resources**

Deferred outflows of resources is the consumption of net position by the government that is applicable to a future reported period. Deferred amount on refunding is amortized and recognized as a component of interest expense over the life of the bond.

**St. Johns Forest Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

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

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

“Total fund balances” of the District’s governmental funds (\$499,349) differs from “net position” of governmental activities (\$3,370,501) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**Capital related items**

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

Land and improvements	\$ 3,879,381
Infrastructure	4,183,623
Less: accumulated depreciation	<u>(1,551,973)</u>
Total	<u><u>\$ 6,511,031</u></u>

**St. Johns Forest Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

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

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

**Long-term debt transactions**

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2016 were:

Bonds payable	\$ (3,685,000)
Bond premium, net	<u>(7,032)</u>
Bonds payable, net	<u>\$ (3,692,032)</u>

**Deferred outflows of resources**

Deferred outflows of resources applicable to the District's governmental activities are not financial resources and therefore, are not reported as fund deferred outflows of resources.

Deferred amount on refunding	<u>\$ 97,884</u>
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**Accrued interest**

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

Accrued interest	<u>\$ (45,731)</u>
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**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The "net change in fund balances" for government funds (\$(338,225)) differs from the "change in net position" for governmental activities (\$31,010) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds.

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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

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

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Depreciation	<u>\$ (143,182)</u>
--------------	---------------------

**Long-term debt transactions**

Repayments of bond principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Bond principal payments	\$ 3,755,000
Developer obligation costs	<u>199,621</u>
Total Principal Payments	<u>\$ 3,954,621</u>

Issuance of new debt provides current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position.

Proceeds from bond issuance	\$ (3,685,000)
Bond premium	<u>(7,265)</u>
Total	<u>\$ (3,692,265)</u>

Gain on extinguishment of long-term liabilities is not reported in the governmental fund statements, but reduces liabilities in the Statement of Net Position.

Gain on extinguishment of long-term liabilities	<u>\$ 101,844</u>
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The deferred amount on refunding created as a result of the issuance of new debt is not a financial resource and therefore, is not reported at the fund statement level.

Deferred amount on refunding	<u>\$ 101,131</u>
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**St. Johns Forest Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

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

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

Amortization of the bond premium does not require the use of current resources and therefore is not reported in governmental funds.

Amortization of bond premium	\$ <u>233</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	\$ 50,100
Decrease in deferred amount on refunding	<u>(3,247)</u>
Total	<u>\$ 46,853</u>

**NOTE C - CASH AND INVESTMENTS**

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2016, the District's bank balance was \$302,543 and the carrying value was \$299,703. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2016, the District had the following investments and maturities:

Investment	Maturities	Fair Value
Commercial Paper	N/A	\$ <u>213,308</u>

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

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

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

Based on the criteria in the preceding paragraph, the investment listed above is a Level 1 asset.

**Interest Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The District's investments in commercial paper are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2016, the District's investments in Commercial Paper were rated A-1+ by Standard & Poor's.

**Concentration of Credit Risk**

The District places no limit on the amount it may invest in any one fund. The investments in Commercial Paper are 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2016 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE D – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land and land improvements	\$ 3,879,381	\$ -	\$ -	\$ 3,879,381
Capital assets, being depreciated:				
Infrastructure - storm drainage	2,877,726	-	-	2,877,726
Infrastructure - common areas	689,417	-	-	689,417
Infrastructure - entrance and roadways	616,480	-	-	616,480
Total Capital Assets, Being Depreciated	<u>4,183,623</u>	<u>-</u>	<u>-</u>	<u>4,183,623</u>
Less accumulated depreciation for:				
Infrastructure - storm drainage	(903,771)	(95,924)	-	(999,695)
Infrastructure - common areas	(277,266)	(26,709)	-	(303,975)
Infrastructure - entrance and roadways	(227,754)	(20,549)	-	(248,303)
Total Accumulated Depreciation	<u>(1,408,791)</u>	<u>(143,182)</u>	<u>-</u>	<u>(1,551,973)</u>
Total Capital Assets Depreciated, Net	<u>2,774,832</u>	<u>(143,182)</u>	<u>-</u>	<u>2,631,650</u>
Governmental Activities Capital Assets	<u>\$ 6,654,213</u>	<u>\$ (143,182)</u>	<u>\$ -</u>	<u>\$ 6,511,031</u>

Current year depreciation of \$143,182 was charged to physical environment.

**NOTE E – LONG-TERM DEBT**

The following is a summary of activity in the long-term debt account group of the District for the year ended September 30, 2016:

Long-term debt at October 1, 2015	\$ 3,755,000
Issuance of long-term debt	3,685,000
Principal payments	<u>(3,755,000)</u>
Long-term debt at September 30, 2016	3,685,000
Plus bond premium, net	<u>7,032</u>
Bonds payable, net	<u>\$ 3,692,032</u>

Long-term debt is comprised of the following:

Capital Improvement Revenue Refunding Bonds

\$3,685,000 Series 2016 Bonds, interest at various rates between 2.0% and 3.8% maturing thru May 1, 2034, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners.

\$ 3,685,000

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE E – LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2016 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 165,000	\$ 109,755	\$ 274,755
2018	165,000	106,455	271,455
2019	170,000	103,155	273,155
2020	175,000	99,755	274,755
2021	180,000	96,255	276,255
2022-2026	950,000	420,770	1,370,770
2027-2031	1,110,000	268,420	1,378,420
2032-2034	<u>770,000</u>	<u>59,090</u>	<u>829,090</u>
Totals	<u>\$ 3,685,000</u>	<u>\$ 1,263,655</u>	<u>\$ 4,948,655</u>

Significant Bond Provisions

The Series 2016 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2026 at a redemption price set in the Bond indenture, together with accrued interest to the date of redemption. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond indenture.

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

Depository Funds

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

**St. Johns Forest Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE E – LONG-TERM DEBT (CONTINUED)**

1. Reserve Fund - The 2016 Reserve Account is funded from the proceeds of the Series 2016 Bonds in an amount equal to fifty percent of the maximum annual debt service requirement for all outstanding Series 2016 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2016 Capital Improvement Revenue Refunding Bonds	<u>\$ 137,290</u>	<u>\$ 137,255</u>

In February 2016, the District issued \$3,685,000 of Series 2016 Capital Improvement Refunding Bonds, which retired the Series 2003A Capital Improvement Revenue Bonds. The current refunding of the Series 2003A Capital Improvement Revenue Bonds resulted in a deferred amount on refunding of \$101,131. As a result of this transaction, the District decreases its aggregate debt payment for Series 2016 Bonds by \$777,448 over the next 18 years and realized an economic gain of approximately \$304,366.

Developer Cost Obligation

In connection with the 2003 Project, the Developer advanced funds to the District to complete the balance of the project. The funds were to be repaid solely from excess amounts in the 2003A Reserve Account and investment earnings. In February 2016, the District, the Developer and St. Johns Forest Master Property Owners Association entered into agreements whereby the Developer assigned the deferred cost obligation to the Property Owners Association and agreed that \$225,000 was the deferred cost obligation balance. The balance of \$225,000 was paid in the current period and a gain of extinguishment of debt (\$101,844) was recognized in the Statement of Activities for the year ended September 30, 2016.

**NOTE F – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no claims or settled claims from these risks have not exceeded commercial insurance coverage over the past three years.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Johns Forest Community Development District, as of and for the year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered St. Johns Forest Community Development District's internal control over financial reporting 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 St. Johns Forest Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Johns Forest Community Development District's internal control over financial reporting.

*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 over financial reporting 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.

Fort Pierce/Stuart

To the Board of Supervisors  
St. Johns Forest Community Development District

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Berger, Toombs, Elam,  
Gaines & Frank*

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

February 25, 2017



# Berger, Toombs, Elam, Gaines & Frank

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## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the St. Johns Forest Community Development District as of and for the year ended September 30, 2016, and have issued our report thereon dated February 25, 2017.

### Auditor's Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated February 25, 2017, 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 address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

### Financial Condition

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

To the Board of Supervisors  
St. Johns Forest Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the St. Johns Forest Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the St. Johns Forest Community Development District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

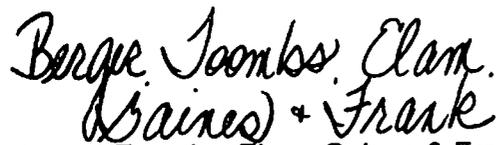
### **Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 have 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 Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

February 25, 2017



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined St. Johns Forest Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2016. Management is responsible for St. Johns Forest Community Development District's compliance with those requirements. Our responsibility is to express an opinion on St. Johns Forest Community Development District's compliance based on our examination.

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

In our opinion, St. Johns Forest Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2016.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

February 25, 2017