

# North Springs Improvement District

Basic Financial Statements  
For the Year Ended September 30, 2017

# North Springs Improvement District

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
North Springs Improvement District  
Coral Springs, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District") as of and for the year ended September 30, 2017, 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 misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to the financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and budgetary comparison of the General Fund 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 on pages 4 through 8, and schedules related to other post-employment benefits and pensions on page 41 through 47 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The other financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreement 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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
February 16, 2018

Our discussion and analysis of North Springs Improvement District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

### **Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2017:

- The District's total assets exceeded total liabilities by \$ 153,177,671 (net position). Unrestricted net position for governmental activities was \$ 88,737. Unrestricted net position for business-type activities was \$ 11,744,709.
- Governmental activities revenues totaled \$ 10,633,742 while governmental activities expenses totaled \$ 9,556,817. Business-type revenues totaled \$ 23,832,557 while business-type expenses totaled \$ 13,785,756.

### **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 basic 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 basic financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund financial statements.

**Government-Wide Financial Statements:** 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 business-type activities and the change in net position. Governmental activities are primarily supported by property tax assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer services.

The statement of net position presents information on all assets and liabilities of the District, with the difference between assets, deferred inflows/outflows of resources and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted and 3) unrestricted. 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 declining.

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 or business-type activities. Governmental activities financed by the District include physical environment and general government. Business-type activities financed by user charges include water and sewer services.

**Fund Financial Statements:** Fund financial statements present financial information for governmental funds and proprietary 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 fund, changes in current financial resources (revenues and expenditures), and current available resources. The proprietary fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures and change in fund balance for the governmental funds. A statement of revenues, expenditures, and change in fund balance - budget and actual, is provided for the District's General Fund. For proprietary funds, a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows are presented. 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 and 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, split between governmental activities and business-type activities. 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 buildings, land, machinery and equipment, construction-in-progress and infrastructure are reported in the statement of net position. All liabilities, including principal outstanding on bonds, and future employee benefits, obligated but not paid by the District, are included. The statement of activities includes a provision for depreciation of 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 obligations bonds, are not included in the fund financial statements. To provide a link from the fund financial statements to the government-wide financial statements, reconciliations are provided from the fund financial statements to the government-wide financial statements.

**Notes to the Basic Financial Statements:** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 40 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's Other Post-Employment Benefits Plan and Pensions, which can be found on pages 41 through 47.

The combining statements of nonmajor governmental funds are presented immediately following the required supplementary information. The nonmajor governmental funds overview and combining fund statements can be found on pages 48 through 55.



**North Springs Improvement District  
Management's Discussion and Analysis  
September 30, 2017**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2017 and 2016:

**North Springs Improvement District  
Statements of Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Current and other assets	\$ 2,999,642	\$ 2,264,424	\$ 20,769,701	\$ 11,464,091	\$ 23,769,343	\$ 13,728,515
Restricted assets	6,794,366	7,337,581	7,322,538	7,248,751	14,116,904	14,586,332
Capital assets (net)	<u>117,703,946</u>	<u>120,177,672</u>	<u>99,216,054</u>	<u>100,086,813</u>	<u>216,920,000</u>	<u>220,264,485</u>
Total assets	<u>127,497,954</u>	<u>129,779,677</u>	<u>127,308,293</u>	<u>118,799,655</u>	<u>254,806,247</u>	<u>248,579,332</u>
Total deferred outflows of resources	<u>1,132,006</u>	<u>996,727</u>	<u>2,243,261</u>	<u>1,801,636</u>	<u>3,375,267</u>	<u>2,798,363</u>
<b>Liabilities:</b>						
Current liabilities	4,783,223	4,818,880	5,447,974	5,338,344	10,231,197	10,157,224
Noncurrent liabilities	<u>51,285,886</u>	<u>54,517,816</u>	<u>43,304,056</u>	<u>44,729,775</u>	<u>94,589,942</u>	<u>99,247,591</u>
Total liabilities	<u>56,069,109</u>	<u>59,336,696</u>	<u>48,752,030</u>	<u>50,068,119</u>	<u>104,821,139</u>	<u>109,404,815</u>
Total deferred inflows of resources	<u>49,658</u>	<u>5,440</u>	<u>133,046</u>	<u>13,495</u>	<u>182,704</u>	<u>18,935</u>
<b>Net position:</b>						
Net investment in capital assets	71,365,295	70,819,755	64,318,592	62,955,564	135,683,887	133,775,319
Restricted	1,057,161	852,769	4,603,177	4,536,534	5,660,338	5,389,303
Unrestricted (deficit)	<u>88,737</u>	<u>(238,256)</u>	<u>11,744,709</u>	<u>3,027,579</u>	<u>11,833,446</u>	<u>2,789,323</u>
Total net position	\$ <u>72,511,193</u>	\$ <u>71,434,268</u>	\$ <u>80,666,478</u>	\$ <u>70,519,677</u>	\$ <u>153,177,671</u>	\$ <u>141,953,945</u>

**Governmental and Business-Type Activities:** Governmental activities increased the District's net position by \$ 1,076,925, while business-type activities increased the District's net position by \$ 10,146,801, as reflected in the table below:

**North Springs Improvement District  
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 16,904,378	\$ 15,911,615	\$ 16,904,378	\$ 15,911,615
Capital grants and contributions	-	-	5,808,690	5,348,383	5,808,690	5,348,383
<b>Taxes:</b>						
Assessments	10,462,414	10,652,124	-	-	10,462,414	10,652,124
Miscellaneous	<u>144,973</u>	<u>287,700</u>	<u>53,835</u>	<u>23,282</u>	<u>198,808</u>	<u>310,982</u>
Total revenues	<u>10,607,387</u>	<u>10,939,824</u>	<u>22,766,903</u>	<u>21,283,280</u>	<u>33,374,290</u>	<u>32,223,104</u>

**North Springs Improvement District  
Management's Discussion and Analysis  
September 30, 2017**

**North Springs Improvement District  
Statements of Activities  
(Continued)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Expenses:						
General government	1,199,116	1,032,726	-	-	1,199,116	1,032,726
Physical environment	2,114,558	1,900,586	-	-	2,114,558	1,900,586
Water and sewer	-	-	9,878,572	8,677,783	9,878,572	8,677,783
Provisions for depreciation	3,603,719	3,574,820	2,524,538	2,343,513	6,128,257	5,918,333
Interest expense and other fiscal charges	2,639,424	3,401,443	1,382,646	1,607,948	4,022,070	5,009,391
Total expenses	<u>9,556,817</u>	<u>9,909,575</u>	<u>13,785,756</u>	<u>12,629,244</u>	<u>23,342,573</u>	<u>22,538,819</u>
Change in net position before other income (expense)	<u>1,050,570</u>	<u>1,030,249</u>	<u>8,981,147</u>	<u>8,654,036</u>	<u>10,031,717</u>	<u>9,684,285</u>
Other income (expense):						
Interest income	26,355	4,076	22,363	3,329	48,718	7,405
Gain (loss) on disposal of property	-	-	1,143,291	(3,606)	1,143,291	(3,606)
Total other income (expense)	<u>26,355</u>	<u>4,076</u>	<u>1,165,654</u>	<u>(277)</u>	<u>1,192,009</u>	<u>3,799</u>
Change in net position	1,076,925	1,034,325	10,146,801	8,653,759	11,223,726	9,688,084
Net position, beginning of the year	<u>71,434,268</u>	<u>70,399,943</u>	<u>70,519,677</u>	<u>61,865,918</u>	<u>141,953,945</u>	<u>132,265,861</u>
Net position, end of the year	<u>\$ 72,511,193</u>	<u>\$ 71,434,268</u>	<u>\$ 80,666,478</u>	<u>\$ 70,519,677</u>	<u>\$ 153,177,671</u>	<u>\$ 141,953,945</u>

**Analysis of the Governmental Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focuses of the District's governmental funds are to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 9,395,500.

**Capital Assets and Debt Administration**

The District's capital assets less accumulated depreciation for its governmental activities and business-type activities as of September 30, 2017 amounts to \$ 117,703,946 and \$ 99,216,054, respectively, and mostly consists of land, buildings and improvements, infrastructure, equipment, meters in the field and construction-in-progress.

At the end of the year, the District's governmental activities had debt outstanding of \$ 53,375,328 and the District's business activities had debt outstanding of \$ 42,220,000.

Additional information on the District's debt can be found in Note 5 on pages 27 through 31 of this report.

### **General Fund Budgetary Highlights**

An operating budget for the General Fund was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The General Fund budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements.

### **Economic Factors and Next Year's Utility Rates**

The 2018 General Fund's budgeted expenditures increased by approximately \$ 205,000. The increase is mainly due to increases in repairs and maintenance and capital outlay. The 2018 Water and Sewer Fund's budgeted expenses increased by approximately \$ 1,363,000. The increase is due to an increase in utility wastewater treatment and salaries. The District did not increase the utility rates for 2018.

### **Requests for Information**

This financial report is designed to provide a general overview of North Springs Improvement 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 North Springs Improvement District, 9700 NW 52<sup>nd</sup> Street, Coral Springs, Florida 33076.

BASIC  
FINANCIAL STATEMENTS

**North Springs Improvement District  
Statement of Net Position  
September 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 4,166,950	\$ 16,690,918	\$ 20,857,868
Investments	-	276,430	276,430
Accounts receivable	-	2,622,745	2,622,745
Internal balances	(1,167,308)	1,167,308	-
Prepaid expenses	-	12,300	12,300
Restricted investments	6,794,366	7,322,538	14,116,904
Noncurrent assets:			
Capital assets:			
Depreciable (net)	100,580,983	58,686,953	159,267,936
Nondepreciable	17,122,963	40,529,101	57,652,064
<b>Total assets</b>	<u>127,497,954</u>	<u>127,308,293</u>	<u>254,806,247</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	242,311	-	242,311
Deferred outflows related to pensions	889,695	2,243,261	3,132,956
<b>Total deferred outflows of resources</b>	<u>1,132,006</u>	<u>2,243,261</u>	<u>3,375,267</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	249,457	591,541	840,998
Accrued liabilities	35,993	199,109	235,102
Contracts payable	-	409,266	409,266
Customer deposits	113,058	687,122	800,180
Due to developer	-	621,674	621,674
Accrued interest	1,031,378	693,217	1,724,595
Bonds payable	3,350,000	2,235,000	5,585,000
Compensated absences payable	3,337	11,045	14,382
Noncurrent liabilities:			
Compensated absences payable	30,031	99,406	129,437
Net OPEB obligation	131,916	433,084	565,000
Net pension liability	1,098,611	2,786,566	3,885,177
Bonds payable	50,025,328	39,985,000	90,010,328
<b>Total liabilities</b>	<u>56,069,109</u>	<u>48,752,030</u>	<u>104,821,139</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to pensions	49,658	133,046	182,704
<b>Net Position:</b>			
Net investment in capital assets	71,365,295	64,318,592	135,683,887
Restricted for:			
Renewal and replacement	-	1,672,407	1,672,407
Debt service	1,057,161	2,930,770	3,987,931
Unrestricted	88,737	11,744,709	11,833,446
<b>Total net position</b>	<u>\$ 72,511,193</u>	<u>\$ 80,666,478</u>	<u>\$ 153,177,671</u>

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

**North Springs Improvement District  
Statement of Activities  
For the Year Ended September 30, 2017**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
General government	\$ 1,199,116	\$ -	\$ -	\$ -	\$ (1,199,116)	\$ -	\$ (1,199,116)
Physical environment	2,114,558	-	-	-	(2,114,558)	-	(2,114,558)
Provision for depreciation	3,603,719	-	-	-	(3,603,719)	-	(3,603,719)
Interest expense and other fiscal charges	2,639,424	-	-	-	(2,639,424)	-	(2,639,424)
Total governmental activities	<u>9,556,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,556,817)</u>	<u>-</u>	<u>(9,556,817)</u>
Business-type activities:							
Personnel services	4,318,420	-	-	-	-	(4,318,420)	(4,318,420)
Materials, supplies and services	5,560,152	16,904,378	-	5,808,690	-	17,152,916	17,152,916
Provision for depreciation	2,524,538	-	-	-	-	(2,524,538)	(2,524,538)
Interest expense and other fiscal charges	1,382,646	-	-	-	-	(1,382,646)	(1,382,646)
Total business-type activities	<u>13,785,756</u>	<u>16,904,378</u>	<u>-</u>	<u>5,808,690</u>	<u>-</u>	<u>8,927,312</u>	<u>8,927,312</u>
Total primary government	<u>\$ 23,342,573</u>	<u>\$ 16,904,378</u>	<u>\$ -</u>	<u>\$ 5,808,690</u>	<u>(9,556,817)</u>	<u>8,927,312</u>	<u>(629,505)</u>
General revenues:							
Special assessments					10,462,414	-	10,462,414
Investment earnings					26,355	22,363	48,718
Miscellaneous					144,973	53,835	198,808
Gain on disposal of property					-	1,143,291	1,143,291
Total general revenues					<u>10,633,742</u>	<u>1,219,489</u>	<u>11,853,231</u>
Change in net position					1,076,925	10,146,801	11,223,726
Net position, October 1, 2016					<u>71,434,268</u>	<u>70,519,677</u>	<u>141,953,945</u>
Net position, September 30, 2017					<u>\$ 72,511,193</u>	<u>\$ 80,666,478</u>	<u>\$ 153,177,671</u>

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

**North Springs Improvement District  
Balance Sheet - Governmental Funds  
September 30, 2017**

	<u>General</u>	<u>219 Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,162,617	\$ -	\$ 1,004,333	\$ 4,166,950
Due from other funds	-	-	-	-
Restricted investments	-	1,404,925	5,389,441	6,794,366
	<u>-</u>	<u>1,404,925</u>	<u>5,389,441</u>	<u>6,794,366</u>
Total assets	<u>\$ 3,162,617</u>	<u>\$ 1,404,925</u>	<u>\$ 6,393,774</u>	<u>\$ 10,961,316</u>
<b>Liabilities:</b>				
Accounts payable	\$ 245,250	\$ -	\$ 4,207	\$ 249,457
Accrued liabilities	35,993	-	-	35,993
Customer deposits	113,058	-	-	113,058
Due to other funds	160,984	-	1,006,324	1,167,308
	<u>160,984</u>	<u>-</u>	<u>1,006,324</u>	<u>1,167,308</u>
Total liabilities	<u>555,285</u>	<u>-</u>	<u>1,010,531</u>	<u>1,565,816</u>
<b>Fund balances:</b>				
Restricted for:				
Debt service	-	1,404,925	3,073,137	4,478,062
Capital projects	-	-	2,310,106	2,310,106
Assigned to:				
First quarter operating reserves	346,716	-	-	346,716
Unassigned	2,260,616	-	-	2,260,616
	<u>2,260,616</u>	<u>-</u>	<u>-</u>	<u>2,260,616</u>
Total fund balances	<u>2,607,332</u>	<u>1,404,925</u>	<u>5,383,243</u>	<u>9,395,500</u>
Total liabilities and fund balances	<u>\$ 3,162,617</u>	<u>\$ 1,404,925</u>	<u>\$ 6,393,774</u>	<u>\$ 10,961,316</u>

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

**North Springs Improvement District  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Position  
 September 30, 2017**

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**Fund Balances - Total Governmental Funds** \$ 9,395,500

Amounts reported for 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 funds.

Cost of capital assets	\$ 179,386,404	
Accumulated depreciation	<u>(61,682,458)</u>	117,703,946

The net pension liability and related deferred inflows and outflows are not an available resource and, therefore, are not report in the funds.

Net pension liability		(1,098,611)
Deferred inflows related to pensions		(49,658)
Deferred outflows related to pensions		889,695

Certain assets, liabilities and related deferred outflows are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(53,375,328)	
Deferred charge on refunding	242,311	
Accrued interest payable on long term debt	(1,031,378)	
OPEB obligation	(131,916)	
Compensated absences	<u>(33,368)</u>	<u>(54,329,679)</u>

**Net Position of Governmental Activities** \$ 72,511,193

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



**North Springs Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2017**

	<u>General</u>	<u>219 Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Special assessments	\$ 4,084,087	\$ 1,737,579	\$ 4,640,748	\$ 10,462,414
Permit fees	43,293	-	-	43,293
Investment earnings	352	6,204	19,799	26,355
Miscellaneous revenues	101,680	-	-	101,680
	<u>4,229,412</u>	<u>1,743,783</u>	<u>4,660,547</u>	<u>10,633,742</u>
<b>Expenditures:</b>				
Current:				
General government:				
Personnel services	822,639	-	-	822,639
Operating	260,606	-	-	260,606
Physical environment:				
Personnel services	520,420	-	-	520,420
Operating	1,515,368	-	-	1,515,368
Capital outlay	440,954	-	714,039	1,154,993
Debt service:				
Principal	-	1,240,000	2,370,000	3,610,000
Interest	-	485,080	2,085,225	2,570,305
Bond issuance costs and other fiscal charges	-	10,921	43,875	54,796
	<u>3,559,987</u>	<u>1,736,001</u>	<u>5,213,139</u>	<u>10,509,127</u>
Excess (deficiency) of revenues over expenditures	<u>669,425</u>	<u>7,782</u>	<u>(552,592)</u>	<u>124,615</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	7,384	7,384
Operating transfers out	-	-	(7,384)	(7,384)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>669,425</u>	<u>7,782</u>	<u>(552,592)</u>	<u>124,615</u>
<b>Fund Balances, October 1, 2016</b>	<u>1,937,907</u>	<u>1,397,143</u>	<u>5,935,835</u>	<u>9,270,885</u>
<b>Fund Balances, September 30, 2017</b>	<u>\$ 2,607,332</u>	<u>\$ 1,404,925</u>	<u>\$ 5,383,243</u>	<u>\$ 9,395,500</u>

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

**North Springs Improvement District  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2017**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 124,615

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 depreciated over their estimated useful lives.

Capital outlay	\$ 1,129,993	
Current year depreciation	<u>(3,603,719)</u>	(2,473,726)

The issuance of long-term debt (e.g. bonds and notes payable) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Principal payments		3,610,000
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Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources.

Amortization of deferred charge	(28,062)	
Amortization of discount	(19,457)	
Change in accrued interest payable	33,196	
Change in OPEB obligation	(11,472)	
Change in compensated absences	(1,508)	
Change in net pension liability	(275,784)	
Change in deferred outflows related to pensions	163,341	
Change in deferred inflows related to pensions	<u>(44,218)</u>	<u>(183,964)</u>

**Change in Net Position of Governmental Activities** \$ 1,076,925

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

**North Springs Improvement District  
Statement of Revenues, Expenditures and Change  
in Fund Balance - Budget and Actual - General Fund  
For the Year Ended September 30, 2017**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Special assessments	\$ 4,015,716	\$ 4,084,087	\$ 68,371
Permit fees	5,000	43,293	38,293
Investment earnings	-	352	352
Miscellaneous revenues	61,400	101,680	40,280
Total revenues	<u>4,082,116</u>	<u>4,229,412</u>	<u>147,296</u>
<b>Expenditures:</b>			
Current:			
General government:			
Personnel	877,927	822,639	55,288
Operating	266,225	260,606	5,619
Physical environment:			
Personnel	631,000	520,420	110,580
Operating	1,908,364	1,515,368	392,996
Capital outlay	728,175	440,954	287,221
Total expenditures	<u>4,411,691</u>	<u>3,559,987</u>	<u>851,704</u>
Excess (deficiency) of revenues over expenditures	(329,575)	669,425	999,000
<b>Other Financing Sources (Uses):</b>			
Reserved for first quarter operating	329,575	-	(329,575)
Total other financing sources (uses)	329,575	-	(329,575)
Net change in fund balance	-	669,425	669,425
<b>Fund Balance, October 1, 2016</b>	<u>-</u>	<u>1,937,907</u>	<u>1,937,907</u>
<b>Fund Balance, September 30, 2017</b>	<u>\$ -</u>	<u>\$ 2,607,332</u>	<u>\$ 2,607,332</u>

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

**North Springs Improvement District**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2017**

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**Assets:**

Current assets:		
Cash and cash equivalents	\$	16,690,918
Investments		276,430
Accounts receivable		2,622,745
Due from other funds		1,167,308
Prepaid expenses		12,300
Restricted investments		7,322,538
Noncurrent assets:		
Capital assets:		
Depreciable (net)		58,686,953
Nondepreciable		40,529,101
		<u>127,308,293</u>
Total assets		<u>127,308,293</u>

**Deferred Outflows of Resources:**

Deferred outflows related to pensions		<u>2,243,261</u>
---------------------------------------	--	------------------

**Liabilities:**

Current liabilities:		
Accounts payable		591,541
Accrued liabilities		199,109
Contracts payable		409,266
Due to developer		621,674
Customer deposits		687,122
Accrued interest		693,217
Compensated absences payable		11,045
Bonds payable		2,235,000
Noncurrent liabilities:		
Compensated absences payable		99,406
Net OPEB obligation		433,084
Net pension liability		2,786,566
Bonds payable		39,985,000
		<u>48,752,030</u>
Total liabilities		<u>48,752,030</u>

**Deferred Inflows of Resources:**

Deferred inflows related to pensions		<u>133,046</u>
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**Net Position:**

Net investment in capital assets		64,318,592
Restricted for renewal and replacement		1,672,407
Restricted for debt service		2,930,770
Unrestricted		11,744,709
		<u>80,666,478</u>
Total net position	\$	<u>80,666,478</u>

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

**North Springs Improvement District**  
**Statement of Revenues, Expenses and Change in Net Position**  
**Proprietary Fund**  
**For the Year Ended September 30, 2017**

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**Operating Revenues:**

Charges for services:

Water	\$ 9,289,218
Sewer	6,435,337
Other utility fees	<u>1,179,823</u>

Total operating revenues	<u>16,904,378</u>
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**Operating Expenses:**

Personnel services	4,318,420
Materials, supplies and services	5,560,152
Provisions for depreciation	<u>2,524,538</u>

Total operating expenses	<u>12,403,110</u>
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Operating income	<u>4,501,268</u>
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**Nonoperating Revenues (Expenses):**

Other revenues	53,835
Gain on disposal of property	1,143,291
Interest earnings	22,363
Interest expense and other fiscal charges	<u>(1,382,646)</u>

Total nonoperating revenue (expenses)	<u>(163,157)</u>
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Income before capital contributions	4,338,111
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**Contributions:**

Capital contributions	<u>5,808,690</u>
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Total contributions	<u>5,808,690</u>
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Change in net position	<u>10,146,801</u>
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<b>Net Position, October 1, 2016</b>	<u>70,519,677</u>
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<b>Net Position, September 30, 2017</b>	<u>\$ <u>80,666,478</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

**North Springs Improvement District  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2017**

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**Cash Flows from Operating Activities:**

Receipts from customers	\$ 16,562,273
Payments to suppliers for goods and services	(4,850,574)
Payments to employees for services	<u>(3,830,856)</u>
Net cash provided by (used in) operating activities	<u>7,880,843</u>

**Cash Flows from Noncapital Financing Activities:**

Cash received from grants and other miscellaneous activities	<u>53,835</u>
Net cash provided by (used in) noncapital financing activities	<u>53,835</u>

**Cash Flows from Capital and Related Financing Activities:**

Purchase of capital assets	(4,689,957)
Proceeds from sale of capital assets	3,732,000
Bond principal payments	(2,160,000)
Capital contributions	5,808,690
Interest and other charges	<u>(1,418,112)</u>
Net cash provided by (used in) capital and related financing activities	<u>1,272,621</u>

**Cash Flows from Investing Activities:**

Purchases and sales of investments, net	(76,758)
Interest received	<u>22,363</u>
Net cash provided by (used in) investing activities	<u>(54,395)</u>

Net increase (decrease) in cash and cash equivalents 9,152,904

**Cash and Cash Equivalents, October 1, 2016** 7,538,014

**Cash and Cash Equivalents, September 30, 2017** \$ 16,690,918

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

**North Springs Improvement District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**(continued)**  
**For the Year Ended September 30, 2017**

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**Reconciliation of Operating Income to Net**

**Cash Provided by (Used in) Operating Activities:**

Operating income	\$ 4,501,268
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Provision for depreciation	2,524,538
(Increase) decrease in assets:	
Accounts receivable	(332,618)
Prepaid expenses	125,263
Due from other funds	228,120
Deferred outflows related to pensions	(441,625)
Increase (decrease) in liabilities:	
Accounts payable	523,763
Accrued liabilities	(1,100)
Due to other funds	(170,500)
Due to developer	2,932
Customer deposits	(9,487)
Deferred inflows related to pensions	745,638
Net pension liability	119,551
Net OPEB obligation	50,528
Compensated absences	14,572
	<u>3,379,575</u>
Total adjustments	
	<u>\$ 7,880,843</u>

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

**Note 1 - Organization and Operations**

North Springs Improvement District (the "District") was established pursuant to Chapter 71-580, Laws of Florida, as amended, and Chapter 298, Florida Statutes, in 1971. Chapter 71-580 was replaced by Chapter 2005-341, Laws of Florida, which has been amended by Chapter 2007-285, Laws of Supplement No. 2, Supplement No. 3, a revised Supplement No. 3 and other lands, respectively. The District was created to undertake a variety of improvements, including the reclamation and drainage of land, to establish roads and highways, to provide access thereto and to provide water and sewage facilities to promote and create favorable conditions for the development of land within the District.

**Note 2 - Summary of Significant Accounting Policies**

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The District's more significant accounting policies are described below.

**Reporting entity:** The criteria used for including component units consist of the identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria, also includes the identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District has both governmental and business-type activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

The accounts of the District are organized on the basis of 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, net position, revenues and expenditures (expenses). Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.



**Note 2 - Summary of Significant Accounting Policies (continued)**

The District reports the following major governmental funds:

**General Fund** - The General Fund is established to account for all financial transactions not properly accounted for in another fund.

**Parkland Golf & Country Club Debt Service Fund (219 Debt Service)** - The Parkland Golf and Country Club Debt Service Fund accounts for debt service requirements for the District's Special Assessment Refunding Bond, Series 2016.

The District reports the following major proprietary fund:

**Water and Sewer Fund** - The Water and Sewer Fund is a proprietary fund established to account for operations that are to be financed and operated in a manner similar to private business enterprises. The costs of providing services to customers are to be recovered primarily through user charges.

**Measurement focus, basis of accounting, and presentation:** Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available for use. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues available if they are collected within sixty days after year end. Expenditures are generally recognized when the liability is incurred, except that interest payable on debt is recognized only when due.

The Proprietary Fund uses the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

**Budgets and budgetary accounting:** The District's annual budgets are adopted for the General Fund and Water and Sewer Fund and approved by the Board of Supervisors. The budget amounts presented in the accompanying basic financial statements are as originally adopted by the District's Board of Supervisors. Any amendments to the budget are reflected in the amended budget.

The General Fund budget is prepared on a basis consistent with generally accepted accounting principles (GAAP). The budget is a financial plan approved in the manner authorized by law, but not subject to appropriation.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Encumbrances:** The District does not utilize encumbrance accounting.

**Cash and cash equivalents:** The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash equivalents.

**Investments:** Investments, if applicable, are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain money market investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased. Investments consist of State Board of Administration (SBA) Funds and money market mutual funds.

**Accounts receivable:** Accounts receivable reflected in the Water and Sewer Fund consist of charges to customers for service including sewer revenues on services which have been rendered whether billed or not. No allowance for doubtful accounts is considered necessary.

**Prepaid expenses/expenditures:** Certain payments reflect costs applicable to a future accounting period and are recorded as prepaid items in both the government-wide and fund financial statements.

**Due to/from other funds:** Short-term inter-fund advances, when applicable, are recorded by the advancing fund as a receivable with a corresponding payable recorded by the receiving fund. Repayments reduce the corresponding receivable and payable. Inter-fund balances are eliminated in the government-wide financial statements.

**Capital assets:** Capital assets, which include land, buildings, infrastructure, machinery and equipment and construction-in-progress, are reported in the governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District defines capital assets as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 5 to 50 years.

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

**Deferred outflows/inflows of resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. It is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflows related to pensions and is discussed in further detail in Note 9.

**Note 2 - Summary of Significant Accounting Policies (continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. It is deferred inflows related to pensions and is discussed in further detail in Note 9.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Fund Balance:** The District follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Note 2 - Summary of Significant Accounting Policies (continued)**

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**Property tax calendar (assessments)**: District assessments are certified with the Broward County Property Appraiser and collected by the Broward County Tax Collector. The key dates in the property tax cycle are as follows:

Current Fiscal Year:

Beginning of fiscal year for which Assessments have been levied	October 1
Property tax bills rendered	November 1
Property tax bill due date	March 31
Delinquent tax lien	April 30
Tax certificates sold	June 1

**Use of estimates**: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of management review**: Subsequent events were evaluated by management through February 16, 2018, which is the date the financial statements were available for issuance.

**Note 3 - Deposits and Investments**

**Deposits**: The District's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. As of September 30, 2017, all deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits was \$ 20,847,568 and the bank balance was \$ 20,869,946. In addition, the District had \$ 10,300 in petty cash.

**Investments**: The investment of funds is authorized by Florida Statutes, which allows the District to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury. Certain investments of are governed by Bond Indentures.

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2017**

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**Note 3 - Deposits and Investments (continued)**

Investments as of September 30, 2017 were as follows:

<u>Investment</u>	<u>Reported Amount - Fair Value or Amortized Cost</u>	<u>Maturity</u>
Money Market Mutual Funds	\$ 14,116,904	N/A
State Board of Administration: Florida Prime	<u>276,430</u>	Weighted average days to maturity is 51 days
Total	<u>\$ 14,393,334</u>	

**Credit risk:** Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated “AAAm” by Standard and Poor's and “Aaa-mf” by Moody's Investors Service. The Florida Prime is rated AAAM by Standard and Poor's.

**Interest rate risk:** Florida Statutes state that the investment portfolio be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. The District's investments are not subject to interest rate risk.

**Custodial credit risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments are subject to custodial credit risk.

**Restricted investments:** The governmental funds maintain investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 2,312,106
Future debt service	<u>4,482,260</u>
Total restricted cash, cash equivalents and investments	<u>\$ 6,794,366</u>

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 558,421
Future debt service	5,091,710
Renewal and replacement of capital assets	<u>1,672,407</u>
Total restricted cash, cash equivalents and investments	<u>\$ 7,322,538</u>

**North Springs Improvement District**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 4 - Capital Assets**

The following is a schedule of changes in capital assets during the year ended September 30, 2017:

	Balance October 1, 2016	Additions	Deletions	Transfers	Balance September 30, 2017
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 12,243,726	\$ -	\$ -	\$ -	\$ 12,243,726
Construction in progress	21,306,546	765,789	-	(17,193,098)	4,879,237
Total capital assets, not depreciated	<u>33,550,272</u>	<u>765,789</u>	<u>-</u>	<u>(17,193,098)</u>	<u>17,122,963</u>
Capital assets, being depreciated:					
Infrastructure	140,363,687	44,538	-	17,193,098	157,601,323
Buildings and improvements	3,618,942	5,644	-	-	3,624,586
Machinery and equipment	723,510	314,022	-	-	1,037,532
Total capital assets, being depreciated	<u>144,706,139</u>	<u>364,204</u>	<u>-</u>	<u>17,193,098</u>	<u>162,263,441</u>
Less accumulated depreciation for:					
Infrastructure	55,677,411	3,392,131	-	-	59,069,542
Buildings and improvements	1,793,676	126,620	-	-	1,920,296
Machinery and equipment	607,652	84,968	-	-	692,620
Total accumulated depreciation	<u>58,078,739</u>	<u>3,603,719</u>	<u>-</u>	<u>-</u>	<u>61,682,458</u>
Total capital assets depreciated, net	<u>86,627,400</u>	<u>(3,239,515)</u>	<u>-</u>	<u>17,193,098</u>	<u>100,580,983</u>
Governmental activities capital assets, net	<u>\$ 120,177,672</u>	<u>\$ (2,473,726)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,703,946</u>
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,770,294	\$ -	\$ 2,588,709	\$ -	\$ 181,585
Easements	82,785	-	-	-	82,785
Construction in progress	44,395,622	3,484,117	-	(7,615,008)	40,264,731
Total capital assets, not depreciated	<u>47,248,701</u>	<u>3,484,117</u>	<u>2,588,709</u>	<u>(7,615,008)</u>	<u>40,529,101</u>
Capital assets, being depreciated:					
Buildings and improvements	761,006	279,858	-	-	1,040,864
Infrastructure	85,023,313	129,685	-	7,615,008	92,768,006
Equipment	2,320,320	348,828	-	-	2,669,148
Meters in the field	668,461	-	-	-	668,461
Total capital assets, being depreciated	<u>88,773,100</u>	<u>758,371</u>	<u>-</u>	<u>7,615,008</u>	<u>97,146,479</u>

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2017**

**Note 4 - Capital Assets (continued)**

	Balance October 1, 2016	Additions	Deletions	Transfers	Balance September 30, 2017
Less accumulated depreciation for:					
Buildings and improvements	100,572	68,272	-	-	168,844
Infrastructure	33,893,264	2,231,983	-	-	36,125,247
Equipment	1,436,738	211,208	-	-	1,647,946
Meters in the field	504,414	13,075	-	-	517,489
Total accumulated depreciation	<u>35,934,988</u>	<u>2,524,538</u>	<u>-</u>	<u>-</u>	<u>38,459,526</u>
Total capital assets depreciated, net	<u>52,838,112</u>	<u>(1,766,167)</u>	<u>-</u>	<u>7,615,008</u>	<u>58,686,953</u>
Business-type activities capital assets	\$ <u>100,086,813</u>	\$ <u>1,717,950</u>	\$ <u>2,588,709</u>	\$ <u>-</u>	\$ <u>99,216,054</u>

Depreciation expense is charged to the following functions:

Governmental activities	\$ <u>3,603,719</u>
Business-type activities	\$ <u>2,524,538</u>

The District has awarded various construction contracts. As of September 30, 2017, commitments on uncompleted construction contracts totaled approximately \$ 9,388,000.

**Note 5 - Long-Term Debt**

The following is a summary of the long-term debt activity of the governmental activities for the year ended September 30, 2017:

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017	Due Within One Year
Water management bonds	\$ 26,280,000	\$ -	\$ 875,000	\$ 25,405,000	\$ 905,000
Water management discount	(248,930)	-	8,890	(240,040)	-
Special assessment bonds	31,125,000	-	2,735,000	28,390,000	2,445,000
Special assessment discount	(190,199)	-	10,567	(179,632)	-
	<u>\$ 56,965,871</u>	<u>\$ -</u>	<u>\$ 3,629,457</u>	<u>\$ 53,375,328</u>	<u>\$ 3,350,000</u>

**North Springs Improvement District**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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**Note 5 - Long-Term Debt (continued)**

Water Management Bonds payable at September 30, 2017 are comprised of the following:

\$ 7,770,000 Series 2014A-2 Water Management Bonds, principal is due annually beginning May 2035 through May 2044. Interest at 6.50% is due each year in May and November through May 2044. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District.	\$ 7,770,000
\$ 6,010,000 Series 2014B-2 Water Management Bonds, principal is due annually beginning May 2035 through May 2044. Interest at 6.625% is due each year in May and November through May 2044. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District.	6,010,000
\$ 6,415,000 Series 2014 Water Management Bonds, principal is due annually through May 2024. Interest at 2.95% is due in May and November each year. Current portion is \$ 610,000. The bonds are secured primarily from special assessments levied by the District.	4,690,000
\$ 7,495,000 Series 2015 Water Management Bonds, principal is due annually through May 2035. Interest at 3.10% is due in May and November each year. Current portion is \$ 295,000. The bonds are secured primarily from special assessments levied by the District.	<u>6,935,000</u>
	<u>\$ 25,405,000</u>

The annual requirements to amortize the principal and interest of the Water Management Bonds for the next five years and thereafter are as follows:

Year Ending September 30,	Principal	Interest	Total
2018	\$ 905,000	\$ 1,258,474	\$ 2,163,474
2019	930,000	1,231,084	2,161,084
2020	960,000	1,203,223	2,163,223
2021	990,000	1,173,889	2,163,889
2022	1,020,000	1,143,930	2,163,930
2023-2027	3,255,000	5,305,959	8,560,959
2028-2032	2,125,000	4,940,915	7,065,915
2033-2037	4,675,000	4,403,410	9,078,410
2038-2042	7,020,000	2,595,930	9,615,930
2043-2044	<u>3,525,000</u>	<u>350,345</u>	<u>3,875,345</u>
Total	<u>\$ 25,405,000</u>	<u>\$ 23,607,159</u>	<u>\$ 49,012,159</u>



**Note 5 - Long-Term Debt (continued)**

Special Assessment Bonds payable at September 30, 2017 are comprised of the following:

<p>\$ 1,575,000 Series 2009 Special Assessment Refunding Bonds, principal is due in a balloon payment in May 2019. Interest at 4.50% is due in May and November. Current portion is \$ 180,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>\$ 370,000</p>
<p>\$ 3,175,000 Series 2012 Special Assessment Refunding Bonds, principal is due annually through May 2019. Interest at 2.32% is due in May and November. Current portion is \$ 485,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>980,000</p>
<p>\$ 6,330,000 Series 2014A-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.00% to 6.25% is due in May and November. Current portion is \$ 200,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>5,790,000</p>
<p>\$ 4,765,000 Series 2014B-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.125% to 6.375% is due in May and November. Current portion is \$ 150,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>4,365,000</p>
<p>\$ 15,460,000 Series 2016 Special Assessment Bonds, principal is due annually through May 2026. Interest at 3.35% is due in May and November. Current portion is \$ 1,280,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>13,240,000</p>
<p>\$ 4,165,000 Series 2016 Special Assessment Bonds, principal is due in annually through May 2027. Interest at 2.71% is due in May and November. Current portion is \$ 150,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p><u>3,645,000</u></p>
	<p>\$ <u><u>28,390,000</u></u></p>

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2017**

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**Note 5 - Long-Term Debt (continued)**

The annual requirements to amortize the principal and interest of the Special Assessment Bonds outstanding for the next five years and thereafter are as follows:

Year Ending September 30,	Principal	Interest	Total
2018	\$ 2,445,000	\$ 1,215,541	\$ 3,660,541
2019	2,740,000	1,122,795	3,862,795
2020	2,120,000	1,025,903	3,145,903
2021	2,205,000	946,476	3,151,476
2022	2,285,000	863,590	3,148,590
2023-2027	10,770,000	2,732,004	13,502,004
2028-2032	3,535,000	1,416,764	4,951,764
2033-2034	2,290,000	268,050	2,558,050
Total	\$ <u>28,390,000</u>	\$ <u>9,591,123</u>	\$ <u>37,981,123</u>

**Summary of significant bond covenants:** The following is a schedule of required reserve deposits as of September 30, 2017:

	Reserve Requirement	Reserve Balance
Series 2009 Special Assessment Bond	19,450	19,900
Series 2012 Special Assessment Bond	251,055	251,790
Series 2014A-1 Special Assessment Bond	138,250	138,627
Series 2014A-2 Water Management Bond	264,578	265,315
Series 2014B-1 Special Assessment Bond	105,241	105,535
Series 2014B-2 Water Management Bond	205,910	206,471
Series 2014 Water Management Bond	74,367	74,572
Series 2015 Water Management Bond	252,706	252,706
Series 2016 Special Assessment Bond	854,191	854,472
Series 2016 Special Assessment Bond	217,845	220,135

The following is a summary of the long-term debt activity of the business-type activities for the year ended September 30, 2017:

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017	Due Within One Year
Water and sewer revenue and refunding bonds	\$ 44,380,000	\$ -	\$ 2,160,000	\$ 42,220,000	\$ 2,235,000
Total bonds payable	\$ <u>44,380,000</u>	\$ <u>-</u>	\$ <u>2,160,000</u>	\$ <u>42,220,000</u>	\$ <u>2,235,000</u>

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2017**

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**Note 5 - Long-Term Debt (continued)**

Water and Sewer Revenue Bonds payable at September 30, 2017 are comprised of the following:

\$ 50,065,000 Series 2011 Water and Sewer Refunding Revenue Bonds, due in annual principal installments beginning in October 2012 through October 2031. Interest at 3.23% is due in April and October. Current portion is \$ 2,235,000. The bonds are secured by a pledge of net revenues under the indenture, which are defined as all income and monies received by the District from the rates, fees, rentals, charges and other income collected by the District for the use of the products, services and facilities to be provided by the system.	\$ <u>42,220,000</u>
	\$ <u><u>42,220,000</u></u>

The annual requirements to amortize the principal and interest of Water and Sewer Revenue Bonds payable as of September 30, 2017 are as follows:

Year Ending September 30,	Principal	Interest	Total
2018	\$ 2,235,000	\$ 1,346,150	\$ 3,581,150
2019	2,305,000	1,271,813	3,576,813
2020	2,375,000	1,198,353	3,573,353
2021	2,455,000	1,116,101	3,571,101
2022	2,535,000	1,034,397	3,569,397
2023-2027	13,955,000	3,853,369	17,808,369
2028-2032	<u>16,360,000</u>	<u>1,375,076</u>	<u>17,735,076</u>
Total	\$ <u>42,220,000</u>	\$ <u>11,195,259</u>	\$ <u>53,415,259</u>

At September 30, 2017, the above Series 2011 Water and Sewer Refunding Revenue Bonds has a reserve balance requirement of \$ 1,800,546 which was met.

**Note 6 - Interfund Transactions**

Interfund receivables and payables at September 30, 2017 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ -	\$ 160,984
210 Debt Service	-	756
213 Debt Service	-	67
214 Debt Service	-	67
215 Debt Service	-	67
216 Debt Service	-	67
217 Debt Service	-	67

**Note 6 - Interfund Transactions (continued)**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
220 Debt Service	-	1,003,233
313 Capital Projects	-	500
314 Capital Projects	-	500
315 Capital Projects	-	500
316 Capital Projects	-	500
	<u>                    </u>	<u>                    </u>
Governmental totals	\$ <u>          -</u>	\$ <u>1,167,308</u>
Enterprise funds:		
Water and Sewer Fund	\$ <u>1,167,308</u>	\$ <u>          -</u>
Enterprise totals	\$ <u>1,167,308</u>	\$ <u>          -</u>
Totals	\$ <u><u>1,167,308</u></u>	\$ <u><u>1,167,308</u></u>

Amounts due from the General Fund mostly represent payroll reimbursement to the Water and Sewer Fund. Amounts due from the Capital Projects funds represent monies owed for fees paid by the Water Sewer Fund. Amounts due to the Water Sewer Fund represent deposit made into the 220 Debt Service to be used in bond refunding in 2018. All balances are expected to be paid within 60 days after year end.

Interfund transfers during the year were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental funds:		
220 Debt Service Fund	\$ 7,384	\$ -
320 Capital Project Fund	<u>          -</u>	<u>7,384</u>
Totals	\$ <u><u>7,384</u></u>	\$ <u><u>7,384</u></u>

The amounts transferred out of the 320 capital projects fund and into the 220 debt service fund are related to the remaining cost of issuance funds in the 320 capital project fund that were transferred to the 220 debt service fund to pay debt service costs.

**Note 7 - Compensated Absences Payable**

Employees of the District accumulate unused vacation time up to a specified number of hours depending on the employee’s length of employment. Accumulated vacation time can be redeemed in cash at retirement.

The following is a schedule of the changes in compensated absences of the Governmental Funds:

	<u>Balance October 1, 2016</u>	<u>Increase (Decrease)</u>	<u>Balance September 30, 2017</u>	<u>Due Within One Year</u>
Compensated absences	\$ <u>31,860</u>	\$ <u>1,508</u>	\$ <u>33,368</u>	\$ <u>3,337</u>
Total	\$ <u><u>31,860</u></u>	\$ <u><u>1,508</u></u>	\$ <u><u>33,368</u></u>	\$ <u><u>3,337</u></u>

**Note 7 - Compensated Absences Payable (continued)**

The following is a schedule of the changes in compensated absences of the Water and Sewer Fund:

	Balance October 1, 2016	Increase (Decrease)	Balance September 30, 2017	Due Within One Year
Compensated absences	\$ 95,879	\$ 14,572	\$ 110,451	\$ 11,045
Total	<u>\$ 95,879</u>	<u>\$ 14,572</u>	<u>\$ 110,451</u>	<u>\$ 11,045</u>

**Note 8 - Defined Contribution Plans**

The employees of the District have the option of participating in the Florida Retirement Systems Investment Plan (“the Investment Plan”) which is a defined contribution plan or the Florida Retirement System Pension Plan (“Pension Plan”) which is a defined benefit plan (Note 9). The investment plan is qualified under Section 401 (a) of the Internal Service Code. The employer and employee contributions are defined by law. Employees are required to contribute 3% of their salary. The amount contributed by the District is the same whether the employee participates in the Investment Plan or the Pension Plan (Note 9). The District contributed approximately \$ 50,100 to the Investment Plan for the year ended September 30, 2017

The District has a money purchase contribution plan qualified under Section 457(b) of the Internal Revenue Code. The Plan is administered by an independent trustee. No contributions are made by the District to this plan.

**Note 9 - Florida Retirement System**

**General Information** - As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (“FRS”) provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737 or by visiting the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Pension Plan**

**Plan Description** - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

**Note 9 - Florida Retirement System (continued)**

**Benefits Provided** - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before August 1, 2011, the annual cost of living adjustment ("COLA") is three percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

**Contributions** - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular - 7.52% and 7.92%; Special Risk Administrative Support - 28.06% and 34.63%; Special Risk - 22.57% and 23.27%; Senior Management Service - 21.77% and 21.71%; Elected Officers' - 42.47% and 45.50%; and DROP participants - 12.99% and 13.26%. These employer contribution rates include 1.66% to the HIS Plan subsidy for the periods October 1, 2016 through September 30, 2017.

**Note 9 - Florida Retirement System (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At September 30, 2017, the District reported a liability of \$ 2,770,692 for its proportionate share of the Pension Plan's net pension liability and \$ 1,114,485 for the HIS Plan's net pension liability for a total pension liability of \$ 3,885,177. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. At June 30, 2017, the District's proportion was .009366989 percent for the Pension Plan and .010423094 percent for the HIS Plan, which was an increase of .002377279 percent and .000994631 percent respectively, from the proportionate share measured as of June 30, 2016.

For the year ended September 30, 2017, the District recognized pension expense of \$ 672,881 for the Pension plan and \$ \$ 221,341 for the HIS plan for a total pension expense of \$ 894,222. At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ 254,283	\$ -	\$ 254,283
Changes of assumptions	931,148	156,658	1,087,806
Net difference between project and actual earnings on pension plan investments	-	618	618
Changes in proportion and differences between District contributions and proportionate share of contributions	987,744	723,778	1,711,522
District contributions subsequent to the measurement date	<u>65,414</u>	<u>13,313</u>	<u>78,727</u>
Total	<u>\$ 2,238,589</u>	<u>\$ 894,367</u>	<u>\$ 3,132,956</u>

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ 15,348	\$ 2,321	\$ 17,669
Changes of assumptions	-	96,371	96,371
Net difference between project and actual earnings on pension plan investments	<u>68,664</u>	<u>-</u>	<u>68,664</u>
Total	<u>\$ 84,012</u>	<u>\$ 98,692</u>	<u>\$ 182,704</u>

**Note 9 - Florida Retirement System (continued)**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2018. The amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Plan will be recognized in pension expense as follows:

Year Ended September 30:	Pension Plan	HIS Plan	Total
2018	\$ 355,167	\$ 154,835	\$ 510,002
2019	593,517	154,718	748,235
2020	478,577	154,662	633,239
2021	265,994	150,135	416,129
2022	303,735	141,920	445,655
Thereafter	92,173	26,092	118,265

**Actuarial Assumptions** – The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan’s valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan	HIS Plan
Inflation	2.60%	2.60%
Salary Increase	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	Generational RP-2000 with Project Scale BB tables	Generational RP-2000 with Project Scale BB tables

**Long-term Expected Rate of Return** - The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:



**Note 9 - Florida Retirement System (continued)**

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.8%
Fixed income	18%	4.5%	4.4%	4.2%
Global equity	53%	7.8%	6.6%	17.0%
Real estate property	10%	6.6%	5.9%	12.8%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	9.7%
<b>Total</b>	<b>100%</b>			
Assumed Inflation - Mean			2.6%	1.9%

(1) As outlined in the Pension Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 7.10% for the pension plan. The pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.58% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 3.58% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following table presents the sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact to the District's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate:

	<u>1% Decrease 6.10%</u>	<u>Current Discount Rate 7.10%</u>	<u>1% Increase 8.10%</u>
District's proportionate share of the net pension liability for Pension Plan	\$ <u>5,014,786</u>	\$ <u>2,770,692</u>	\$ <u>907,581</u>

**Note 9 - Florida Retirement System (continued)**

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
District's proportionate share of the net pension liability for HIS Plan	\$ <u>1,271,775</u>	\$ <u>1,114,485</u>	\$ <u>983,471</u>

**Note 10 - Other Post-Employment Benefits**

**Plan Description**

The District provides a single employer defined benefit post-employment health insurance plan for employees and sworn officers. The plan allows its employees and their beneficiaries, at their own cost and until the attainment of age 62, to continue to obtain health, dental and vision insurance benefits upon retirement. The benefits of the plan conform with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

**Funding Policy and Annual OPEB Cost**

The District does not directly make a contribution to provide retired employees with health care benefits. Retirees and their beneficiaries pay the same group rates as are charged to the District for active employees by its healthcare provider. However, the District's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the District or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45 *Accounting and Financial Reporting by Employers Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The annual OPEB cost for the District for the current year and the related information is as follows:

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	\$ -
Annual required contribution	97,000
Interest on net OPEB obligation	20,000
Adjustment to annual required contribution	<u>(44,000)</u>
Annual OPEB cost	73,000
Contributions made (credit for implied subsidy)	<u>(11,000)</u>
Increase in net OPEB obligation	62,000
Net OPEB obligation - beginning of year	503,000
Net OPEB obligation - end of year	\$ <u><u>565,000</u></u>

**Note 10 - Other Post-Employment Benefits**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended September 30, 2017 was:

Annual OPEB cost	\$ 73,000
Percentage of OPEB cost contributed	15%
Net OPEB obligation	\$ 565,000

***Funded Status and Funding Progress***

The funded status of the plan as of October 1, 2016 was as follows:

Actuarial value of plan assets	\$ -
Actuarial accrued liability	<u>420,000</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 420,000</u>
Funded ratio	0%
Covered payroll	<u>\$ 3,007,000</u>
UAAL as a percentage of covered payroll	14.0%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the District has not contributed assets to the plan at this time.

***Actuarial Methods and Assumptions***

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level dollar payment
Actuarial assumptions:	
Investment rate of return	4.00% per annum*
Healthcare cost trend rates:	
Select rate	8.00% for 2016/2017 graded to 5.50% for 2021/2022
Ultimate rate	5.00% per annum

\*Includes inflation at 2.75% per annum

**Note 11 - 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 District carries commercial insurance.

Claims, expenditures and liabilities would have been reported if it were probable that a loss in excess of policy limits had occurred and the amount of that loss could be reasonably estimated.

**Note 12 – Related Party Transactions**

During the year, the District sold a vacant real estate parcel located in Parkland, Florida. The realtor handling the transaction is also an employee of the District, which was allowed by Florida statute. The fees charged were deemed normal and customary by the Board.

**Note 13 – Subsequent Event**

In November 2017, the District issued \$ 8,650,000 in Special Assessment Bonds, Series 2017 for the purpose of the Units Area C special assessment project. This bond bears an interest rate ranging from 3.50% to 5.00% through maturity on May 1, 2038. Interest payments are due semiannually in May and November, with principal due once a year in May.

In November 2017, the District issued \$ 8,710,000 in Water Management Bonds, Series 2017 for the purpose of Unit Area C water management improvement project. This bond bears an interest rate of 5.00% through maturity on May 1, 2048. Interest payments are due semiannually in May and November, with principal due once a year in May.

In November 2017, the District entered into an agreement with Heron Bay Community Association, Inc. The agreement sets forth the process of transferring certain property from the District to Heron Bay Community Association, Inc.

In February 2018, the District authorized the issuance of \$ 4,625,000 in Special Assessment Bonds, Series 2018 (Pump Station No. 3 Assessment Area) to finance the cost of certain public assessable improvements for the pump station assessment area.

REQUIRED SUPPLEMENTARY  
INFORMATION

**North Springs Improvement District**  
**Schedule of Funding Progress**  
**Other Post-Employment Benefits**  
**September 30, 2017**

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll *</u> (c)	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
10/1/2012	\$ -	\$ 460,000	\$ 460,000	0%	\$ 2,147,000	21.4%
7/1/2014	-	455,000	455,000	0%	2,552,000	17.8%
10/1/2016	-	420,000	420,000	0%	3,007,000	14.0%

\* Covered payroll is for the calendar year period used for the actuarial valuation.

**North Springs Improvement District  
Schedule of The District's Proportionate Share of  
Net Pension Liability  
Florida Retirement System  
Last 10 Fiscal Years \*  
(Unaudited)**

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	<u>2017</u>	<u>2016</u>
The District's proportion of the net pension liability	0.00936699%	0.006989710%
The District's proportionate share of the net pension liability	\$ 2,770,692	\$ 1,764,907
The District's covered-employee payroll	\$ 2,828,795	\$ 2,511,615
The District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	97.95%	70.27%
Plan fiduciary net position as a percentage of total pension liability	83.89%	84.88%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**North Springs Improvement District  
Schedule of the District's Proportionate Share of  
Net Pension Liability  
Health Insurance Subsidy Program  
Last 10 Fiscal Years \*  
(Unaudited)**

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	<u>2017</u>	<u>2016</u>
The District's proportion of the net pension liability	0.01042309%	0.00942846%
The District's proportionate share of the net pension liability	\$ 1,114,485	\$ 1,098,848
The District's covered-employee payroll	\$ 3,322,331	\$ 2,910,629
The District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.55%	37.75%
Plan fiduciary net position as a percentage of total pension liability	1.64%	0.97%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.



**North Springs Improvement District  
Schedule of the District's Contributions  
Florida Retirement System  
Last 10 Fiscal Years \*  
(Unaudited)**

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	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 230,724	\$ 181,314
Contributions in related to the contractually required contribution	\$ <u>(230,724)</u>	\$ <u>(181,314)</u>
Contribution deficiency (excess)	\$ <u><u>                    </u></u>	\$ <u><u>                    </u></u>
The District's covered-employee payroll	\$ 2,934,026	\$ 2,726,099
Contributions as a percentage of covered payroll	7.86%	6.65%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**North Springs Improvement District  
Schedule of the District's Contributions  
Health Insurance Subsidy Program  
Last 10 Fiscal Years \*  
(Unaudited)**

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	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 56,791	\$ 52,491
Contributions in related to the contractually required contribution	\$ <u>(56,791)</u>	\$ <u>(52,491)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$ -</u>
The District's covered-employee payroll	\$ 3,421,121	\$ 3,161,389
Contributions as a percentage of covered payroll	1.66%	1.66%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**North Springs Improvement District  
Schedule of Investment Returns -  
Florida Retirement System Pension Plan  
Last 10 Fiscal Years \*  
(Unaudited)**

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	<u>2017</u>	<u>2016</u>
Annual money-weighted annual rate of return, net of investment expenses	13.59%	0.57%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**North Springs Improvement District  
Schedule of Investment Returns -  
Retiree Health Insurance Subsidy Program  
Last 10 Fiscal Years \*  
(Unaudited)**

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	<u>2017</u>	<u>2016</u>
Annual money-weighted annual rate of return, net of investment expenses	13.59%	0.57%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

## OTHER FINANCIAL INFORMATION

## North Springs Improvement District

### Nonmajor Governmental Funds Overview

#### Debt Service Funds:

**2009 Special Assessment Refunding Bonds Parkland Isles Debt Service Fund (210 Debt Service)** - The 2009 Parkland Isles Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2009.

**2012 Debt Service Fund (212 Debt Service)** - The 2012 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2012.

**2014A-1 Debt Service Fund (213 Debt Service)** - The 2014A-1 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2014A-1.

**2014A-2 Debt Service Fund (214 Debt Service)** - The 2014A-2 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bonds, Series 2014A-2.

**2014B-1 Debt Service Fund (215 Debt Service)** - The 2014B-1 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2014B-1.

**2014B-2 Debt Service Fund (216 Debt Service)** - The 2014B-2 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bonds, Series 2014B-2.

**2014 Debt Service Fund (217 Debt Service)** - The 2014 Debt Service Fund accounts for debt service requirements for the District's outstanding Water Management Bond, Series 2014.

**2015 Debt Service Fund (218 Debt Service)** - The 2015 Debt Service Fund accounts for debt service requirements for the District's outstanding Water Management Bond, Series 2015.

**2016 Debt Service Fund (220 Debt Service)** - The 2016 Debt Service Fund accounts for debt service requirements for the District's outstanding Special Assessment Bond, Series 2016.

#### Capital Projects Funds:

**2014A-1 Capital Projects Fund (313 Capital Projects)** - The 2014A-1 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Assessment Area A.

**2014A-2 Capital Projects Fund (314 Capital Projects)** - The 2014A-2 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Unit Area A.

**2014B-1 Capital Projects Fund (315 Capital Projects)** - The 2014B-1 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Assessment Area B.

**2014B-2 Capital Projects Fund (316 Capital Projects)** - The 2014B-2 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Unit Area B.

**2016 Parkland Golf and Country Club Capital Projects Fund (317 Capital Projects)** - The 2016 Parkland Golf and Country Club Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Parkland Golf and Country Club.

**North Springs Improvement District**

**Nonmajor Governmental Funds Overview  
(Continued)**

**2016 Parkland Golf and Country Club Renewal and Replacement Capital Projects Fund (318 Capital Projects)** - 2016 Parkland Golf and Country Club Renewal and Replacement Capital Projects Fund accounts for the renewal and replacement of infrastructure improvements within the boundaries of Parkland Golf and Country Club.

**2016 Heron Bay Capital Projects Fund (320 Capital Projects)** - The 2016 Heron Bay Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Heron Bay.

North Springs Improvement District  
Combining Balance Sheet - Nonmajor Governmental Funds  
September 30, 2017

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	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,004,333	\$ -	\$ 1,004,333
Due from other funds	-	-	-
Restricted investments	<u>3,077,335</u>	<u>2,312,106</u>	<u>5,389,441</u>
Total assets	<u>\$ 4,081,668</u>	<u>\$ 2,312,106</u>	<u>\$ 6,393,774</u>
<b>Liabilities:</b>			
Accounts payable	\$ 4,207	\$ -	\$ 4,207
Due to other funds	<u>1,004,324</u>	<u>2,000</u>	<u>1,006,324</u>
Total liabilities	<u>1,008,531</u>	<u>2,000</u>	<u>1,010,531</u>
<b>Fund balances:</b>			
Restricted for:			
Debt service	3,073,137	-	3,073,137
Capital projects	<u>-</u>	<u>2,310,106</u>	<u>2,310,106</u>
Total fund balances	<u>3,073,137</u>	<u>2,310,106</u>	<u>5,383,243</u>
Total liabilities and fund balances	<u>\$ 4,081,668</u>	<u>\$ 2,312,106</u>	<u>\$ 6,393,774</u>



**North Springs Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2017**

	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>			
Special assessments	\$ 4,640,748	\$ -	\$ 4,640,748
Investment earnings	13,675	6,124	19,799
	<u>4,654,423</u>	<u>6,124</u>	<u>4,660,547</u>
Total revenues			
<b>Expenditures:</b>			
Capital outlay	-	714,039	714,039
Debt service:			
Principal	2,370,000	-	2,370,000
Interest	2,085,225	-	2,085,225
Bond issuance costs and other fiscal charges	40,095	3,780	43,875
	<u>4,495,320</u>	<u>717,819</u>	<u>5,213,139</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>159,103</u>	<u>(711,695)</u>	<u>(552,592)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	7,384	-	7,384
Operating transfers out	-	(7,384)	(7,384)
	<u>7,384</u>	<u>(7,384)</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	<u>166,487</u>	<u>(719,079)</u>	<u>(552,592)</u>
<b>Fund Balances, October 1, 2016</b>	<u>2,906,650</u>	<u>3,029,185</u>	<u>5,935,835</u>
<b>Fund Balances, September 30, 2017</b>	<u>\$ 3,073,137</u>	<u>\$ 2,310,106</u>	<u>\$ 5,383,243</u>

**North Springs Improvement District**  
**Combining Balance Sheet - Nonmajor Debt Service Funds**  
**September 30, 2017**

	<u>210 Debt Service</u>	<u>212 Debt Service</u>	<u>213 Debt Service</u>	<u>214 Debt Service</u>	<u>215 Debt Service</u>	<u>216 Debt Service</u>	<u>217 Debt Service</u>	<u>218 Debt Service</u>	<u>220 Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Assets:</b>										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,004,333	\$ 1,004,333
Restricted investments	<u>41,435</u>	<u>311,387</u>	<u>337,148</u>	<u>537,767</u>	<u>261,912</u>	<u>410,909</u>	<u>273,397</u>	<u>385,231</u>	<u>518,149</u>	<u>3,077,335</u>
Total assets	<u>\$ 41,435</u>	<u>\$ 311,387</u>	<u>\$ 337,148</u>	<u>\$ 537,767</u>	<u>\$ 261,912</u>	<u>\$ 410,909</u>	<u>\$ 273,397</u>	<u>\$ 385,231</u>	<u>\$ 1,522,482</u>	<u>\$ 4,081,668</u>
<b>Liabilities:</b>										
Accounts payable	\$ -	\$ -	\$ 33	\$ 33	\$ 2,007	\$ 2,101	\$ 33	\$ -	\$ -	\$ 4,207
Due to other funds	<u>756</u>	<u>-</u>	<u>67</u>	<u>67</u>	<u>67</u>	<u>67</u>	<u>67</u>	<u>-</u>	<u>1,003,233</u>	<u>1,004,324</u>
Total liabilities	<u>756</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>2,074</u>	<u>2,168</u>	<u>100</u>	<u>-</u>	<u>1,003,233</u>	<u>1,008,531</u>
<b>Fund Balances:</b>										
Restricted for:										
Debt service	<u>40,679</u>	<u>311,387</u>	<u>337,048</u>	<u>537,667</u>	<u>259,838</u>	<u>408,741</u>	<u>273,297</u>	<u>385,231</u>	<u>519,249</u>	<u>3,073,137</u>
Total fund balances	<u>40,679</u>	<u>311,387</u>	<u>337,048</u>	<u>537,667</u>	<u>259,838</u>	<u>408,741</u>	<u>273,297</u>	<u>385,231</u>	<u>519,249</u>	<u>3,073,137</u>
Total liabilities and fund balances	<u>\$ 41,435</u>	<u>\$ 311,387</u>	<u>\$ 337,148</u>	<u>\$ 537,767</u>	<u>\$ 261,912</u>	<u>\$ 410,909</u>	<u>\$ 273,397</u>	<u>\$ 385,231</u>	<u>\$ 1,522,482</u>	<u>\$ 4,081,668</u>

**North Springs Improvement District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Debt Service Funds  
For the Year Ended September 30, 2017**

	<b>210 Debt Service</b>	<b>212 Debt Service</b>	<b>213 Debt Service</b>	<b>214 Debt Service</b>	<b>215 Debt Service</b>	<b>216 Debt Service</b>	<b>217 Debt Service</b>	<b>218 Debt Service</b>	<b>220 Debt Service</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Revenues:</b>										
Special assessments	\$ 199,360	\$ 510,944	\$ 556,759	\$ 513,265	\$ 434,453	\$ 403,905	\$ 755,817	\$ 513,092	\$ 753,153	\$ 4,640,748
Interest income	261	1,188	1,146	1,572	869	1,210	1,215	1,314	4,900	13,675
<b>Total revenues</b>	<b>199,621</b>	<b>512,132</b>	<b>557,905</b>	<b>514,837</b>	<b>435,322</b>	<b>405,115</b>	<b>757,032</b>	<b>514,406</b>	<b>758,053</b>	<b>4,654,423</b>
<b>Expenditures:</b>										
Debt service:										
Principal	175,000	470,000	190,000	-	140,000	-	590,000	285,000	520,000	2,370,000
Interest	24,866	33,640	366,600	505,050	281,831	398,163	157,923	223,820	93,332	2,085,225
Bond issuance costs and other fiscal charges	4,336	3,717	3,794	3,793	5,767	5,861	4,822	4,421	3,584	40,095
<b>Total expenditures</b>	<b>204,202</b>	<b>507,357</b>	<b>560,394</b>	<b>508,843</b>	<b>427,598</b>	<b>404,024</b>	<b>752,745</b>	<b>513,241</b>	<b>616,916</b>	<b>4,495,320</b>
Excess of revenues over (under) expenditures	(4,581)	4,775	(2,489)	5,994	7,724	1,091	4,287	1,165	141,137	159,103
<b>Other Financing Sources (Uses):</b>										
Operating transfers in	-	-	-	-	-	-	-	-	7,384	7,384
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,384</b>	<b>7,384</b>
Net change in fund balances	(4,581)	4,775	(2,489)	5,994	7,724	1,091	4,287	1,165	148,521	166,487
<b>Fund Balances, October 1, 2016</b>	<b>45,260</b>	<b>306,612</b>	<b>339,537</b>	<b>531,673</b>	<b>252,114</b>	<b>407,650</b>	<b>269,010</b>	<b>384,066</b>	<b>370,728</b>	<b>2,906,650</b>
<b>Fund Balances, September 30, 2017</b>	<b>\$ 40,679</b>	<b>\$ 311,387</b>	<b>\$ 337,048</b>	<b>\$ 537,667</b>	<b>\$ 259,838</b>	<b>\$ 408,741</b>	<b>\$ 273,297</b>	<b>\$ 385,231</b>	<b>\$ 519,249</b>	<b>\$ 3,073,137</b>

North Springs Improvement District  
Combining Balance Sheet - Nonmajor Capital Projects Funds  
September 30, 2017

	<u>313</u> <u>Capital</u> <u>Projects</u>	<u>314</u> <u>Capital</u> <u>Projects</u>	<u>315</u> <u>Capital</u> <u>Projects</u>	<u>316</u> <u>Capital</u> <u>Projects</u>	<u>317</u> <u>Capital</u> <u>Projects</u>	<u>318</u> <u>Capital</u> <u>Projects</u>	<u>320</u> <u>Capital</u> <u>Projects</u>	<b>Total</b> <b>Nonmajor</b> <b>Capital</b> <b>Projects</b> <b>Funds</b>
<b>Assets:</b>								
Restricted investments	\$ <u>841,169</u>	\$ <u>60,120</u>	\$ <u>55,520</u>	\$ <u>60,098</u>	\$ <u>117,048</u>	\$ <u>1,178,151</u>	\$ <u>-</u>	\$ <u>2,312,106</u>
Total assets	\$ <u><u>841,169</u></u>	\$ <u><u>60,120</u></u>	\$ <u><u>55,520</u></u>	\$ <u><u>60,098</u></u>	\$ <u><u>117,048</u></u>	\$ <u><u>1,178,151</u></u>	\$ <u><u>-</u></u>	\$ <u><u>2,312,106</u></u>
<b>Liabilities:</b>								
Due to other funds	\$ <u>500</u>	\$ <u>500</u>	\$ <u>500</u>	\$ <u>500</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,000</u>
Total liabilities	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
<b>Fund Balances:</b>								
Restricted for: Capital projects	<u>840,669</u>	<u>59,620</u>	<u>55,020</u>	<u>59,598</u>	<u>117,048</u>	<u>1,178,151</u>	<u>-</u>	<u>2,310,106</u>
Total fund balances	<u>840,669</u>	<u>59,620</u>	<u>55,020</u>	<u>59,598</u>	<u>117,048</u>	<u>1,178,151</u>	<u>-</u>	<u>2,310,106</u>
Total liabilities and fund balances	\$ <u><u>841,169</u></u>	\$ <u><u>60,120</u></u>	\$ <u><u>55,520</u></u>	\$ <u><u>60,098</u></u>	\$ <u><u>117,048</u></u>	\$ <u><u>1,178,151</u></u>	\$ <u><u>-</u></u>	\$ <u><u>2,312,106</u></u>

**North Springs Improvement District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Capital Projects Funds  
For the Year Ended September 30, 2017**

	<b>313 Capital Projects</b>	<b>314 Capital Projects</b>	<b>315 Capital Projects</b>	<b>316 Capital Projects</b>	<b>317 Capital Projects</b>	<b>318 Capital Projects</b>	<b>320 Capital Projects</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues:</b>								
Interest income	\$ 2,210	\$ 158	\$ 145	\$ 158	\$ 348	\$ 3,104	\$ 1	\$ 6,124
Total revenues	<u>2,210</u>	<u>158</u>	<u>145</u>	<u>158</u>	<u>348</u>	<u>3,104</u>	<u>1</u>	<u>6,124</u>
<b>Expenditures:</b>								
Capital outlay	-	-	-	-	689,039	25,000	-	714,039
Debt service:								
Bond issuance costs and other fiscal charges	-	-	-	-	-	-	3,780	3,780
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>689,039</u>	<u>25,000</u>	<u>3,780</u>	<u>717,819</u>
Excess of revenues over (under) expenditures	2,210	158	145	158	(688,691)	(21,896)	(3,779)	(711,695)
<b>Other Financing Sources (Uses):</b>								
Operating transfers out	-	-	-	-	-	-	(7,384)	(7,384)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,384)</u>	<u>(7,384)</u>
Net change in fund balances	2,210	158	145	158	(688,691)	(21,896)	(11,163)	(719,079)
<b>Fund Balances, October 1, 2016</b>	<u>838,459</u>	<u>59,462</u>	<u>54,875</u>	<u>59,440</u>	<u>805,739</u>	<u>1,200,047</u>	<u>11,163</u>	<u>3,029,185</u>
<b>Fund Balances, September 30, 2017</b>	<u>\$ 840,669</u>	<u>\$ 59,620</u>	<u>\$ 55,020</u>	<u>\$ 59,598</u>	<u>\$ 117,048</u>	<u>\$ 1,178,151</u>	<u>\$ -</u>	<u>\$ 2,310,106</u>

OTHER REPORTS OF  
INDEPENDENT AUDITORS

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*

The Board of Supervisors  
North Springs Improvement District  
Coral Springs, 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 statement of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2018.

#### **Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
February 16, 2018



## INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

The Board of Supervisors  
North Springs Improvement District  
Coral Springs, Florida

### **Report on the Financial Statements**

We have audited the financial statements of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2017, and have issued our report thereon dated February 16, 2018.

### **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 Auditor's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 16, 2018, 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 annual financial audit report. There were no findings or recommendations made in the preceding annual 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. North Springs Improvement District was established under the laws of the State of Florida in Chapter 71-580, as amended. The District does not have any component units.

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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 the 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.

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

### **Monthly Financial Statements**

Sections 10.554(1)(i)6.a and 10.556(9), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the District provided monthly financial statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site. In connection with our audit, we determined that the District provided monthly financial statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site.

### **Transparency**

Sections 10.554(1)(i)6.b. and 10.556(9), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its Web site to the Florida Department of Financial Service's Web site to view the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its Web site to the Florida Department of Financial Service's Web site.

Sections 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District posted its tentative and final budgets on its Web site.

### **Additional Matters**

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

North Springs Improvement District

**Purpose of this Letter**

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
February 16, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES

The Board of Supervisors  
North Springs Improvement District  
Coral Springs, Florida

We have examined North Spring Improvement District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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 the 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
February 16, 2018