

North Springs Improvement District

Basic Financial Statements
For the Year Ended September 30, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018, 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 47 through 53 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. 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 11, 2019, 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
February 11, 2019

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, 2018:

- The District's total assets exceeded total liabilities by \$ 166,572,799 (net position). Unrestricted net position for governmental activities was \$ 498,328. Unrestricted net position for business-type activities was \$ 22,647,965.
- Governmental activities revenues totaled \$ 12,080,274 while governmental activities expenses totaled \$ 14,024,443. Business-type revenues totaled \$ 30,801,302 while business-type expenses totaled \$ 15,380,933.

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. Assets, liabilities, and net position are reported for all governmental activities separate from the assets, liabilities, and net position of business-type activities. 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 22 through 46 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 47 through 53.

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 54 through 63.

**North Springs Improvement District
Management's Discussion and Analysis
September 30, 2018**

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, 2018 and 2017:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 3,545,179	\$ 2,999,642	\$ 31,800,013	\$ 20,769,701	\$ 35,345,192	\$ 23,769,343
Restricted assets	22,956,852	6,794,366	7,608,342	7,322,538	30,565,194	14,116,904
Capital assets (net)	<u>132,380,968</u>	<u>117,703,946</u>	<u>100,864,052</u>	<u>99,216,054</u>	<u>233,245,020</u>	<u>216,920,000</u>
Total assets	<u>158,882,999</u>	<u>127,497,954</u>	<u>140,272,407</u>	<u>127,308,293</u>	<u>299,155,406</u>	<u>254,806,247</u>
Total deferred outflows of resources	<u>1,066,516</u>	<u>1,132,006</u>	<u>2,136,735</u>	<u>2,243,261</u>	<u>3,203,251</u>	<u>3,375,267</u>
Liabilities:						
Current liabilities	5,309,428	4,783,223	4,753,971	5,447,974	10,063,399	10,231,197
Noncurrent liabilities	<u>83,994,413</u>	<u>51,304,815</u>	<u>41,361,032</u>	<u>43,366,199</u>	<u>125,355,445</u>	<u>94,671,014</u>
Total liabilities	<u>89,303,841</u>	<u>56,088,038</u>	<u>46,115,003</u>	<u>48,814,173</u>	<u>135,418,844</u>	<u>104,902,211</u>
Total deferred inflows of resources	<u>97,579</u>	<u>49,658</u>	<u>269,435</u>	<u>133,046</u>	<u>367,014</u>	<u>182,704</u>
Net position:						
Net investment in capital assets	69,512,622	71,365,295	68,487,394	64,318,592	138,000,016	135,683,887
Restricted	537,145	1,057,161	4,889,345	4,603,177	5,426,490	5,660,338
Unrestricted (deficit)	<u>498,328</u>	<u>69,808</u>	<u>22,647,965</u>	<u>11,682,566</u>	<u>23,146,293</u>	<u>11,752,374</u>
Total net position	<u>\$ 70,548,095</u>	<u>\$ 72,492,264</u>	<u>\$ 96,024,704</u>	<u>\$ 80,604,335</u>	<u>\$ 166,572,799</u>	<u>\$ 153,096,599</u>

Governmental and Business-Type Activities: Governmental activities decreased the District's net position by \$ 1,944,169, while business-type activities increased the District's net position by \$ 15,420,369, as reflected in the table below:

**North Springs Improvement District
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Charges for services	\$ -	\$ -	\$ 17,290,572	\$ 16,904,378	\$ 17,290,572	\$ 16,904,378
Capital grants and contributions	-	-	13,332,444	5,808,690	13,332,444	5,808,690
Taxes:						
Assessments	11,458,918	10,462,414	-	-	11,458,918	10,462,414
Miscellaneous	<u>468,369</u>	<u>144,973</u>	<u>104,244</u>	<u>53,835</u>	<u>572,613</u>	<u>198,808</u>
Total revenues	<u>11,927,287</u>	<u>10,607,387</u>	<u>30,727,260</u>	<u>22,766,903</u>	<u>42,654,547</u>	<u>33,374,290</u>

**North Springs Improvement District
Management's Discussion and Analysis
September 30, 2018**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Expenses:						
General government	1,958,655	1,199,116	-	-	1,958,655	1,199,116
Physical environment	2,537,467	2,114,558	-	-	2,537,467	2,114,558
Water and sewer	-	-	11,114,092	9,878,572	11,114,092	9,878,572
Provisions for depreciation	4,088,429	3,603,719	2,859,166	2,524,538	6,947,595	6,128,257
Interest expense and other fiscal charges	5,439,892	2,639,424	1,397,453	1,382,646	6,837,345	4,022,070
Total expenses	<u>14,024,443</u>	<u>9,556,817</u>	<u>15,370,711</u>	<u>13,785,756</u>	<u>29,395,154</u>	<u>23,342,573</u>
Change in net position before other income (expense)	<u>(2,097,156)</u>	<u>1,050,570</u>	<u>15,356,549</u>	<u>8,981,147</u>	<u>13,259,393</u>	<u>10,031,717</u>
Other income (expense):						
Interest income	152,937	26,355	74,042	22,363	226,979	48,718
Gain (loss) on disposal of property	-	-	(10,172)	1,143,291	(10,172)	1,143,291
Transfers	50	-	(50)	-	-	-
Total other income (expense)	<u>152,987</u>	<u>26,355</u>	<u>63,820</u>	<u>1,165,654</u>	<u>216,807</u>	<u>1,192,009</u>
Change in net position	<u>(1,944,169)</u>	<u>1,076,925</u>	<u>15,420,369</u>	<u>10,146,801</u>	<u>13,476,200</u>	<u>11,223,726</u>
Net position, beginning of the year	<u>72,492,264</u>	<u>71,434,268</u>	<u>80,604,335</u>	<u>70,519,677</u>	<u>153,096,599</u>	<u>141,953,945</u>
Restatement, Note 13	-	(18,929)	-	(62,143)	-	(81,072)
Net position, end of the year	<u>\$ 70,548,095</u>	<u>\$ 72,492,264</u>	<u>\$ 96,024,704</u>	<u>\$ 80,604,335</u>	<u>\$ 166,572,799</u>	<u>\$ 153,096,599</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 \$ 26,070,868.

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, 2018 amounts to \$ 132,380,968 and \$ 100,864,052, 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 \$ 86,039,447 and the District's business activities had debt outstanding of \$ 39,985,000.

Additional information on the District's debt can be found in Note 5 on pages 30 through 35 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. The budget to actual comparisons for the General Fund, including the original and final adopted budget, is shown on page 17.

Economic Factors and Next Year's Utility Rates

The 2019 General Fund's budgeted expenditures decreased by approximately \$ 713,000. The decrease is mainly due to decreases capital outlay. The 2019 Water and Sewer Fund's budgeted expenses increased by approximately \$ 474,000. The increase is due to an increase in utility wastewater treatment and salaries. The District increased the utility rates for 2019.

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 52nd Street, Coral Springs, Florida 33076.

BASIC
FINANCIAL STATEMENTS

**North Springs Improvement District
Statement of Net Position
September 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,444,957	\$ 22,347,449	\$ 26,792,406
Investments	-	281,730	281,730
Accounts receivable	-	8,156,176	8,156,176
Internal balances	(915,952)	915,952	-
Prepaid items	16,174	98,706	114,880
Restricted investments	22,956,852	7,608,342	30,565,194
Noncurrent assets:			
Capital assets:			
Depreciable (net)	101,900,135	84,344,821	186,244,956
Nondepreciable	30,480,833	16,519,231	47,000,064
Total assets	<u>158,882,999</u>	<u>140,272,407</u>	<u>299,155,406</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	214,249	-	214,249
Deferred outflows related to pensions	852,267	2,136,735	2,989,002
Total deferred outflows of resources	<u>1,066,516</u>	<u>2,136,735</u>	<u>3,203,251</u>
Liabilities:			
Current liabilities:			
Accounts payable	85,972	232,851	318,823
Accrued liabilities	232,691	299,370	532,061
Contracts payable	-	44,550	44,550
Customer deposits	112,500	814,247	926,747
Due to developer	-	301,731	301,731
Accrued interest	1,454,829	744,520	2,199,349
Bonds payable	3,420,000	2,305,000	5,725,000
Compensated absences payable	3,436	11,702	15,138
Noncurrent liabilities:			
Compensated absences payable	30,921	105,322	136,243
Net OPEB obligation	166,660	564,940	731,600
Net pension liability	1,177,385	3,010,770	4,188,155
Bonds payable	82,619,447	37,680,000	120,299,447
Total liabilities	<u>89,303,841</u>	<u>46,115,003</u>	<u>135,418,844</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	97,579	269,435	367,014
Net Position:			
Net investment in capital assets	69,512,622	68,487,394	138,000,016
Restricted for:			
Renewal and replacement	-	1,790,694	1,790,694
Debt service	537,145	3,098,651	3,635,796
Unrestricted	498,328	22,647,965	23,146,293
Total net position	<u>\$ 70,548,095</u>	<u>\$ 96,024,704</u>	<u>\$ 166,572,799</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, 2018**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 1,958,655	\$ -	\$ -	\$ -	\$ (1,958,655)	\$ -	\$ (1,958,655)
Physical environment	2,537,467	-	-	-	(2,537,467)	-	(2,537,467)
Provision for depreciation	4,088,429	-	-	-	(4,088,429)	-	(4,088,429)
Interest expense and other fiscal charges	5,439,892	-	-	-	(5,439,892)	-	(5,439,892)
Total governmental activities	<u>14,024,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,024,443)</u>	<u>-</u>	<u>(14,024,443)</u>
Business-type activities:							
Personnel services	4,828,678	-	-	-	-	(4,828,678)	(4,828,678)
Materials, supplies and services	6,285,414	17,290,572	-	13,332,444	-	24,337,602	24,337,602
Loss on disposal of capital assets	10,172	-	-	-	-	(10,172)	(10,172)
Provision for depreciation	2,859,166	-	-	-	-	(2,859,166)	(2,859,166)
Interest expense and other fiscal charges	1,397,453	-	-	-	-	(1,397,453)	(1,397,453)
Total business-type activities	<u>15,380,883</u>	<u>17,290,572</u>	<u>-</u>	<u>13,332,444</u>	<u>-</u>	<u>15,242,133</u>	<u>15,242,133</u>
Total primary government	<u>\$ 29,405,326</u>	<u>\$ 17,290,572</u>	<u>\$ -</u>	<u>\$ 13,332,444</u>	<u>(14,024,443)</u>	<u>15,242,133</u>	<u>1,217,690</u>
General revenues:							
Special assessments					11,458,918	-	11,458,918
Investment earnings					152,937	74,042	226,979
Miscellaneous					468,369	104,244	572,613
Transfers					50	(50)	-
Total general revenues and transfers					<u>12,080,274</u>	<u>178,236</u>	<u>12,258,510</u>
Change in net position					(1,944,169)	15,420,369	13,476,200
Net position, October 1, 2017, as restated (Note 13)					<u>72,492,264</u>	<u>80,604,335</u>	<u>153,096,599</u>
Net position, September 30, 2018					<u>\$ 70,548,095</u>	<u>\$ 96,024,704</u>	<u>\$ 166,572,799</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, 2018**

	<u>General</u>	<u>220 Debt Service</u>	<u>321 Capital Projects</u>	<u>322 Capital Projects</u>
Assets:				
Cash and cash equivalents	\$ 3,437,103	\$ 1,007,854	\$ -	\$ -
Prepaid expenditures	16,174	-	-	-
Due from other funds	-	-	-	-
Restricted investments	-	367,607	3,031,900	3,388,913
	<u>-</u>	<u>367,607</u>	<u>3,031,900</u>	<u>3,388,913</u>
Total assets	<u>\$ 3,453,277</u>	<u>\$ 1,375,461</u>	<u>\$ 3,031,900</u>	<u>\$ 3,388,913</u>
Liabilities:				
Accounts payable	\$ 83,474	\$ -	\$ -	\$ 2,498
Accrued liabilities	32,691	-	-	-
Customer deposits	112,500	-	-	-
Due to other funds	54,730	1,004,183	-	-
	<u>283,395</u>	<u>1,004,183</u>	<u>-</u>	<u>2,498</u>
Total liabilities	<u>283,395</u>	<u>1,004,183</u>	<u>-</u>	<u>2,498</u>
Fund balances:				
Restricted for:				
Debt service	-	371,278	-	-
Capital projects	-	-	3,031,900	3,386,415
Assigned to:				
First quarter operating reserves	282,256	-	-	-
Unassigned	2,887,626	-	-	-
	<u>3,169,882</u>	<u>371,278</u>	<u>3,031,900</u>	<u>3,386,415</u>
Total fund balances	<u>3,169,882</u>	<u>371,278</u>	<u>3,031,900</u>	<u>3,386,415</u>
Total liabilities and fund balances	<u>\$ 3,453,277</u>	<u>\$ 1,375,461</u>	<u>\$ 3,031,900</u>	<u>\$ 3,388,913</u>

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

323 Capital Projects	324 Capital Projects	325 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,444,957
-	-	-	-	16,174
-	197,632	-	-	197,632
<u>1,112,004</u>	<u>1,417,521</u>	<u>6,440,069</u>	<u>7,198,838</u>	<u>22,956,852</u>
<u>\$ 1,112,004</u>	<u>\$ 1,615,153</u>	<u>\$ 6,440,069</u>	<u>\$ 7,198,838</u>	<u>\$ 27,615,615</u>
\$ -	\$ -	\$ -	\$ -	\$ 85,972
-	200,000	-	-	232,691
-	-	-	-	112,500
<u>44,934</u>	<u>-</u>	<u>-</u>	<u>9,737</u>	<u>1,113,584</u>
<u>44,934</u>	<u>200,000</u>	<u>-</u>	<u>9,737</u>	<u>1,544,747</u>
-	-	-	5,688,469	6,059,747
1,067,070	1,415,153	6,440,069	1,500,632	16,841,239
-	-	-	-	282,256
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,887,626</u>
<u>1,067,070</u>	<u>1,415,153</u>	<u>6,440,069</u>	<u>7,189,101</u>	<u>26,070,868</u>
<u>\$ 1,112,004</u>	<u>\$ 1,615,153</u>	<u>\$ 6,440,069</u>	<u>\$ 7,198,838</u>	<u>\$ 27,615,615</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, 2018**

Fund Balances - Total Governmental Funds \$ 26,070,868

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	\$ 198,151,855	
Accumulated depreciation	<u>(65,770,887)</u>	132,380,968

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	\$ (1,177,385)	
Deferred inflows related to pensions	(97,579)	
Deferred outflows related to pensions	<u>852,267</u>	(422,697)

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	\$ (86,039,447)	
Deferred charge on refunding	214,249	
Accrued interest payable on long term debt	(1,454,829)	
OPEB obligation	(166,660)	
Compensated absences	<u>(34,357)</u>	<u>(87,481,044)</u>

Net Position of Governmental Activities \$ 70,548,095

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, 2018

	<u>General</u>	<u>220 Debt Service</u>	<u>321 Capital Projects</u>	<u>322 Capital Projects</u>
Revenues:				
Special assessments	\$ 4,166,360	\$ 484,410	\$ -	\$ -
Permit fees	17,089	-	-	-
Investment earnings	375	8,707	27,221	30,463
Miscellaneous revenues	248,596	-	-	-
	<u>4,432,420</u>	<u>493,117</u>	<u>27,221</u>	<u>30,463</u>
Total revenues				
Expenditures:				
Current:				
General government:				
Personnel services	658,098	-	-	-
Operating	1,171,440	-	-	-
Physical environment:				
Personnel services	500,379	-	-	-
Operating	1,332,299	-	-	-
Capital outlay	213,865	-	5,202,993	4,502,890
Debt service:				
Principal	-	540,000	-	-
Interest	-	96,205	-	-
Bond issuance costs and other fiscal charges	-	4,883	360,432	390,665
	<u>3,876,081</u>	<u>641,088</u>	<u>5,563,425</u>	<u>4,893,555</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>556,339</u>	<u>(147,971)</u>	<u>(5,536,204)</u>	<u>(4,863,092)</u>
Other Financing Sources (Uses):				
Transfers from other fund	6,211	-	-	-
Transfers to other fund	-	-	-	-
Issuance of bonds	-	-	8,090,622	7,953,021
Premium of bond	-	-	477,482	296,486
	<u>6,211</u>	<u>-</u>	<u>8,568,104</u>	<u>8,249,507</u>
Total other financing sources (uses)				
Net change in fund balances	<u>562,550</u>	<u>(147,971)</u>	<u>3,031,900</u>	<u>3,386,415</u>
Fund Balances, October 1, 2017	<u>2,607,332</u>	<u>519,249</u>	<u>-</u>	<u>-</u>
Fund Balances, September 30, 2018	<u>\$ 3,169,882</u>	<u>\$ 371,278</u>	<u>\$ 3,031,900</u>	<u>\$ 3,386,415</u>

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

323 Capital Projects	324 Capital Projects	325 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,198,921	\$ -	\$ -	\$ 5,609,227	\$ 11,458,918
-	-	-	-	17,089
12,030	-	-	74,141	152,937
-	-	-	202,684	451,280
<u>1,210,951</u>	<u>-</u>	<u>-</u>	<u>5,886,052</u>	<u>12,080,224</u>
-	-	-	-	658,098
-	-	-	-	1,171,440
-	-	-	-	500,379
-	-	-	-	1,332,299
2,944,934	5,727,524	-	826,224	19,418,430
-	-	-	3,710,000	4,250,000
-	-	-	2,733,871	2,830,076
<u>235,857</u>	<u>359,912</u>	<u>379,575</u>	<u>36,828</u>	<u>1,768,152</u>
<u>3,180,791</u>	<u>6,087,436</u>	<u>379,575</u>	<u>7,306,923</u>	<u>31,928,874</u>
<u>(1,969,840)</u>	<u>(6,087,436)</u>	<u>(379,575)</u>	<u>(1,420,871)</u>	<u>(19,848,650)</u>
50	-	-	-	6,261
-	-	-	(6,211)	(6,211)
3,036,860	7,502,589	6,819,644	2,347,264	35,750,000
-	-	-	-	773,968
<u>3,036,910</u>	<u>7,502,589</u>	<u>6,819,644</u>	<u>2,341,053</u>	<u>36,524,018</u>
<u>1,067,070</u>	<u>1,415,153</u>	<u>6,440,069</u>	<u>920,182</u>	<u>16,675,368</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,268,919</u>	<u>9,395,500</u>
<u>\$ 1,067,070</u>	<u>\$ 1,415,153</u>	<u>\$ 6,440,069</u>	<u>\$ 7,189,101</u>	<u>\$ 26,070,868</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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 16,675,368

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.

Expenditures for capital assets	\$ 19,322,276	
Less: net book value of disposed capital assets	(442,603)	
Less: current year depreciation	<u>(4,202,651)</u>	14,677,022

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	\$ 4,250,000	
Proceeds from bond issuance, net of premium	<u>(36,523,968)</u>	(32,273,968)

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 premium	\$ 29,521	
Amortization of deferred charge	(28,062)	
Amortization of discount	(419,672)	
Change in accrued interest payable	(423,451)	
Change in OPEB obligation	(15,815)	
Change in compensated absences	(989)	
Change in net pension liability	(78,774)	
Change in deferred outflows related to pensions	(37,428)	
Change in deferred inflows related to pensions	<u>(47,921)</u>	<u>(1,022,591)</u>

Change in Net Position of Governmental Activities \$ (1,944,169)

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, 2018**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 4,087,801	\$ 4,166,360	\$ 78,559
Permit fees	10,000	17,089	7,089
Investment earnings	100	375	275
Miscellaneous revenues	63,500	248,596	185,096
	<u>4,161,401</u>	<u>4,432,420</u>	<u>271,019</u>
Expenditures:			
Current:			
General government:			
Personnel	937,850	658,098	279,752
Operating	294,470	1,171,440	(876,970)
Physical environment:			
Personnel	633,000	500,379	132,621
Operating	1,722,100	1,332,299	389,801
Capital outlay	780,960	213,865	567,095
	<u>4,368,380</u>	<u>3,876,081</u>	<u>492,299</u>
Excess (deficiency) of revenues over expenditures	(206,979)	556,339	763,318
Other Financing Sources (Uses):			
Operating transfers in	-	6,211	6,211
Reserved for first quarter operating	206,979	-	(206,979)
	<u>206,979</u>	<u>6,211</u>	<u>(200,768)</u>
Net change in fund balance	\$ <u>-</u>	562,550	\$ <u>562,550</u>
Fund Balance, October 1, 2017		<u>2,607,332</u>	
Fund Balance, September 30, 2018		<u>\$ 3,169,882</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, 2018**

	<u>Water and Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 22,347,449
Investments	281,730
Accounts receivable	8,156,176
Due from other funds	1,113,584
Prepaid items	98,706
Restricted investments	7,608,342
Noncurrent assets:	
Capital assets:	
Depreciable (net)	84,344,821
Nondepreciable	<u>16,519,231</u>
Total assets	<u>140,470,039</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	<u>2,136,735</u>
Liabilities:	
Current liabilities:	
Accounts payable	232,851
Accrued liabilities	299,370
Due to other funds	197,632
Contracts payable	44,550
Due to developer	301,731
Customer deposits	814,247
Accrued interest	744,520
Compensated absences payable	11,702
Bonds payable	2,305,000
Noncurrent liabilities:	
Compensated absences payable	105,322
Net OPEB obligation	564,940
Net pension liability	3,010,770
Bonds payable	<u>37,680,000</u>
Total liabilities	<u>46,312,635</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	<u>269,435</u>
Net Position:	
Net investment in capital assets	68,487,394
Restricted for renewal and replacement	1,790,694
Restricted for debt service	3,098,651
Unrestricted	<u>22,647,965</u>
Total net position	<u>\$ 96,024,704</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, 2018

Operating Revenues:

Charges for services:	
Water	\$ 9,133,939
Sewer	6,731,591
Other utility fees	<u>1,425,042</u>
Total operating revenues	<u>17,290,572</u>

Operating Expenses:

Personnel services	4,828,678
Materials, supplies and services	6,285,414
Provision for depreciation	<u>2,859,166</u>
Total operating expenses	<u>13,973,258</u>

Operating income	<u>3,317,314</u>
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Nonoperating Revenues (Expenses):

Other revenues	104,244
Interest earnings	74,042
Loss on disposal of capital assets	(10,172)
Interest expense and other fiscal charges	(1,397,453)
Transfer to other fund	<u>(50)</u>

Total nonoperating revenue (expenses)	<u>(1,229,389)</u>
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Income before capital contributions	2,087,925
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Contributions:

Capital contributions	<u>13,332,444</u>
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Total contributions	<u>13,332,444</u>
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Change in net position	<u>15,420,369</u>
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Net Position, October 1, 2017, as restated (Note 13)	<u>80,604,335</u>
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Net Position, September 30, 2018	<u>\$ 96,024,704</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, 2018

Cash Flows from Operating Activities:	
Receipts from customers	\$ 11,884,266
Payments to suppliers for goods and services	(6,799,097)
Payments to employees for services	<u>(4,185,012)</u>
Net cash provided by (used in) operating activities	<u>900,157</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from grants and other miscellaneous activities	104,244
Transfer to other fund	<u>(50)</u>
Net cash provided by (used in) noncapital financing activities	<u>104,194</u>
Cash Flows from Capital and Related Financing Activities:	
Capital contributions	13,332,444
Interest and other charges	(1,346,150)
Bond principal payments	(2,235,000)
Purchase of capital assets	<u>(4,882,052)</u>
Net cash provided by (used in) capital and related financing activities	<u>4,869,242</u>
Cash Flows from Investing Activities:	
Purchases and sales of investments, net	(291,104)
Interest received	<u>74,042</u>
Net cash provided by (used in) investing activities	<u>(217,062)</u>
Net increase (decrease) in cash and cash equivalents	5,656,531
Cash and Cash Equivalents, October 1, 2017	<u>16,690,918</u>
Cash and Cash Equivalents, September 30, 2018	<u>\$ <u>22,347,449</u></u>

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, 2018

Reconciliation of Operating Income to Net

Cash Provided by (Used in) Operating Activities:

Operating income	\$ 3,317,314
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Provision for depreciation	2,859,166
(Increase) decrease in assets:	
Accounts receivable	(5,533,431)
Prepaid expenses	(86,406)
Due from other funds	53,724
Deferred outflows related to pensions	106,526
Increase (decrease) in liabilities:	
Accounts payable	(358,690)
Accrued liabilities	100,261
Due to other funds	197,632
Due to developer	(319,943)
Customer deposits	127,125
Net pension liability	224,204
Deferred inflows related to pensions	136,389
Net OPEB obligation	69,713
Compensated absences	<u>6,573</u>
Total adjustments	<u>(2,417,157)</u>
Net cash provided by (used in) operating activities	<u>\$ 900,157</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.

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.

2017 Capital Projects Fund (321 Capital Projects) - The 2017 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Unit Area C.

2017 Capital Projects Fund (322 Capital Projects) - The 2017-2 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Unit Area C.

2018 Capital Projects Fund (323 Capital Projects) - The 2018 Capital Projects Fund accounts for the construction of infrastructure improvements for Pump Station #3.

2018-1 Capital Projects Fund (324 Capital Projects) - The 2018-1 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Parkland Bay Area.

2018-2 Capital Projects Fund (325 Capital Projects) - The 2018-2 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Parkland Bay Area.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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. The first 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.

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."

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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:

Note 2 - Summary of Significant Accounting Policies (continued)

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 3
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 11, 2019, 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, 2018, 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 \$ 26,782,106 and the bank balance was \$ 26,806,188. 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.

Investments as of September 30, 2018 were as follows:

<u>Investment</u>	<u>Reported Amount - Fair Value or Amortized Cost</u>	<u>Maturity</u>
Money Market Mutual Funds	\$ 30,565,194	N/A
State Board of Administration: Florida Prime	<u>281,730</u>	Weighted average days to maturity is 33 days
Total	<u>\$ 30,846,924</u>	

Note 3 - Deposits and Investments (continued)

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	\$ 16,899,139
Future debt service	<u>6,057,713</u>
 Total restricted cash, cash equivalents and investments	 \$ <u><u>22,956,852</u></u>

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 564,347
Future debt service	5,253,301
Renewal and replacement of capital assets	<u>1,790,694</u>
 Total restricted cash, cash equivalents and investments	 \$ <u><u>7,608,342</u></u>

North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2018

Note 4 - Capital Assets

The following is a schedule of changes in capital assets during the year ended September 30, 2018:

	Balance October 1, 2017	Additions	Deletions	Transfers	Balance September 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 12,243,726	\$ -	\$ 122,614	\$ -	\$ 12,121,112
Construction in progress	4,879,237	19,224,084	-	(5,743,600)	18,359,721
Total capital assets, not depreciated	<u>17,122,963</u>	<u>19,224,084</u>	<u>122,614</u>	<u>(5,743,600)</u>	<u>30,480,833</u>
Capital assets, being depreciated:					
Infrastructure	157,601,323	13,510	362,768	5,590,100	162,842,165
Buildings and improvements	3,624,586	-	12,955	-	3,611,631
Machinery and equipment	1,037,532	84,682	58,488	153,500	1,217,226
Total capital assets, being depreciated	<u>162,263,441</u>	<u>98,192</u>	<u>434,211</u>	<u>5,743,600</u>	<u>167,671,022</u>
Less accumulated depreciation for:					
Infrastructure	59,069,542	3,951,103	52,118	-	62,968,527
Buildings and improvements	1,920,296	126,444	3,616	-	2,043,124
Machinery and equipment	692,620	125,104	58,488	-	759,236
Total accumulated depreciation	<u>61,682,458</u>	<u>4,202,651</u>	<u>114,222</u>	<u>-</u>	<u>65,770,887</u>
Total capital assets depreciated, net	<u>100,580,983</u>	<u>(4,104,459)</u>	<u>319,989</u>	<u>5,743,600</u>	<u>101,900,135</u>
Governmental activities capital assets, net	<u>\$ 117,703,946</u>	<u>\$ 15,119,625</u>	<u>\$ 442,603</u>	<u>\$ -</u>	<u>\$ 132,380,968</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 181,585	\$ -	\$ -	\$ -	\$ 181,585
Easements	82,785	-	-	-	82,785
Construction in progress	40,264,731	4,200,157	-	(28,210,027)	16,254,861
Total capital assets, not depreciated	<u>40,529,101</u>	<u>4,200,157</u>	<u>-</u>	<u>(28,210,027)</u>	<u>16,519,231</u>
Capital assets, being depreciated:					
Buildings and improvements	1,040,864	118,750	-	-	1,159,614
Infrastructure	92,768,006	54,805	-	28,210,027	121,032,838
Equipment	2,669,148	143,624	159,082	-	2,653,690
Meters in the field	668,461	-	-	-	668,461
Total capital assets, being depreciated	<u>97,146,479</u>	<u>317,179</u>	<u>159,082</u>	<u>28,210,027</u>	<u>125,514,603</u>

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2018**

Note 4 - Capital Assets (continued)

	Balance October 1, 2017	Additions	Deletions	Transfers	Balance September 30, 2018
Less accumulated depreciation for:					
Buildings and improvements	168,844	82,297	-	-	251,141
Infrastructure	36,125,247	2,557,585	-	-	38,682,832
Equipment	1,647,946	206,280	148,910	-	1,705,316
Meters in the field	517,489	13,004	-	-	530,493
Total accumulated depreciation	38,459,526	2,859,166	148,910	-	41,169,782
Total capital assets depreciated, net	58,686,953	(2,541,987)	10,172	28,210,027	84,344,821
Business-type activities capital assets	\$ <u>99,216,054</u>	\$ <u>1,658,170</u>	\$ <u>10,172</u>	\$ <u>-</u>	\$ <u>100,864,052</u>

Depreciation expense is charged to the following functions:

Governmental activities	\$ <u>4,202,651</u>
Business-type activities	\$ <u>2,859,166</u>

The District has awarded various construction contracts. As of September 30, 2018, commitments on uncompleted construction contracts totaled approximately \$ 13,169,000.

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, 2018:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018	Due Within One Year
Water management bonds	\$ 25,405,000	\$ 16,775,000	\$ 905,000	\$ 41,275,000	\$ 930,000
Water management premium	-	477,482	15,403	462,079	-
Special assessment bonds	28,390,000	18,975,000	3,345,000	44,020,000	2,490,000
Special assessment premium	-	296,486	14,118	282,368	-
	\$ <u>53,795,000</u>	\$ <u>36,523,968</u>	\$ <u>4,279,521</u>	\$ <u>86,039,447</u>	\$ <u>3,420,000</u>

Note 5 - Long-Term Debt (continued)

Water Management Bonds payable at September 30, 2018 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 \$ 630,000. The bonds are secured primarily from special assessments levied by the District.	4,080,000
\$ 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 \$ 300,000. The bonds are secured primarily from special assessments levied by the District.	6,640,000
\$ 8,710,000 Series 2017 Water Management Bonds, principal is due annually through May 2048. Interest at 5.00% is due in May and November each year. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District.	8,710,000
\$ 8,065,000 Series 2018 Water management Bonds, principal is due annually through May 2048. Interest at 5.00% is due in May and November each year. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District.	<u>8,065,000</u>
	<u>\$ 41,275,000</u>

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2018**

Note 5 - Long-Term Debt (continued)

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
2019	\$ 930,000	\$ 1,917,495	\$ 2,847,495
2020	960,000	2,041,973	3,001,973
2021	990,000	2,012,639	3,002,639
2022	1,020,000	1,982,680	3,002,680
2023	1,050,000	1,951,812	3,001,812
2024-2028	2,605,000	9,400,374	12,005,374
2029-2033	2,190,000	9,068,790	11,258,790
2034-2038	5,435,000	8,340,484	13,775,484
2039-2043	14,845,000	5,625,806	20,470,806
2044-2048	11,250,000	1,580,544	12,830,544
Total	\$ <u>41,275,000</u>	\$ <u>43,922,597</u>	\$ <u>85,197,597</u>

Special Assessment Bonds payable at September 30, 2018 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 \$ 185,000. The bonds are secured primarily from special assessments levied by the District.</p>	\$ 185,000
<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 \$ 215,000. The bonds are secured primarily from special assessments levied by the District.</p>	5,590,000
<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>	4,205,000
<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 \$ 1,330,000. The bonds are secured primarily from special assessments levied by the District.</p>	11,960,000
<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 \$ 0. The bonds are secured primarily from special assessments levied by the District.</p>	3,105,000

North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2018

Note 5 - Long-Term Debt (continued)

<p>\$ 8,650,000 Series 2017 Special Assessment Bonds, principal is due annually through May 2038. Interest ranging from 3.50% to 5.00% is due in May and November. Current portion is \$ 285,000. The bonds are secured primarily from special assessments levied by the District.</p>	8,650,000
<p>\$ 3,180,000 Series 2018 Special Assessment Bonds, principal is due annually through May 2038. Interest ranging from 3.75% to 4.85% is due in May and November. Current portion is \$ 105,000. The bonds are secured primarily from special assessments levied by the District.</p>	3,180,000
<p>\$ 7,145,000 Series 2018 Special Assessment Bonds, principal is due annually through May 2038. Interest ranging from 3.875% to 4.875% is due in May and November. Current portion is \$ 220,000. The bonds are secured primarily from special assessments levied by the District.</p>	<u>7,145,000</u>
	<u>\$ 44,020,000</u>

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:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,490,000	\$ 1,848,955	\$ 4,338,955
2020	2,715,000	1,864,703	4,579,703
2021	2,860,000	1,761,916	4,621,916
2022	2,965,000	1,654,928	4,619,928
2023	3,085,000	1,543,727	4,628,727
2024-2028	13,370,000	5,899,793	19,269,793
2029-2033	8,910,000	3,470,862	12,380,862
2034-2038	<u>7,625,000</u>	<u>1,107,064</u>	<u>8,732,064</u>
Total	<u>\$ 44,020,000</u>	<u>\$ 19,151,948</u>	<u>\$ 63,171,948</u>

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2018**

Note 5 - Long-Term Debt (continued)

Summary of significant bond covenants: The following is a schedule of required reserve deposits as of September 30, 2018:

	<u>Reserve Requirement</u>	<u>Reserve Balance</u>
Series 2009 Special Assessment Bond	19,843	19,843
Series 2014A-1 Special Assessment Bond	276,484	277,969
Series 2014A-2 Water Management Bond	529,156	531,998
Series 2014B-1 Special Assessment Bond	210,483	211,613
* Series 2014B-2 Water Management Bond	411,794	208,661
Series 2014 Water Management Bond	74,367	75,363
Series 2015 Water Management Bond	252,706	252,706
Series 2016 Special Assessment Bond	854,191	854,191
Series 2016 Special Assessment Bond	220,135	220,135
* Series 2017 Water Management Bond	554,125	218,435
* Series 2017 Special Assessment Bond	554,125	336,275
Series 2018 Water Management Bond	513,125	513,125
* Series 2018 Special Assessment Bond	513,125	285,369
Series 2018 Special Assessment Bond	61,738	62,090

* As per bond indenture, reserve requirement was not expected to be met.

The following is a summary of the long-term debt activity of the business-type activities for the year ended September 30, 2018:

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2018</u>	<u>Due Within One Year</u>
Water and sewer revenue and refunding bonds	\$ 42,220,000	\$ -	\$ 2,235,000	\$ 39,985,000	\$ 2,305,000
Total bonds payable	\$ 42,220,000	\$ -	\$ 2,235,000	\$ 39,985,000	\$ 2,305,000

Water and Sewer Revenue Bonds payable at September 30, 2018 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 3.38% is due in April and October. Current portion is \$ 2,305,000. 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.

\$ 39,985,000

\$ 39,985,000

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2018**

Note 5 - Long-Term Debt (continued)

The annual requirements to amortize the principal and interest of Water and Sewer Revenue Bonds payable as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,305,000	\$ 1,253,468	\$ 3,558,468
2020	2,375,000	1,254,004	3,629,004
2021	2,455,000	1,167,932	3,622,932
2022	2,535,000	1,082,434	3,617,434
2023	2,615,000	994,194	3,609,194
2024-2027	<u>27,700,000</u>	<u>2,758,568</u>	<u>30,458,568</u>
Total	<u>\$ 39,985,000</u>	<u>\$ 8,510,600</u>	<u>\$ 48,495,600</u>

At September 30, 2018, the above Series 2011 Water and Sewer Refunding Revenue Bonds has a reserve balance requirement of \$ 1,799,353 which was met subsequent to year end.

Note 6 - Interfund Transactions

Interfund receivables and payables at September 30, 2018 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ -	\$ 54,730
210 Debt Service	-	1,336
215 Debt Service	-	167
216 Debt Service	-	67
217 Debt Service	-	67
220 Debt Service	-	1,004,183
313 Capital Projects	-	500
314 Capital Projects	-	500
315 Capital Projects	-	500
316 Capital Projects	-	500
318 Capital Projects	-	6,100
323 Capital Projects	-	44,934
324 Capital Projects	<u>197,632</u>	<u>-</u>
Governmental totals	<u>\$ 197,632</u>	<u>\$ 1,113,584</u>
Enterprise funds:		
Water and Sewer Fund	<u>\$ 1,113,584</u>	<u>\$ 197,632</u>
Enterprise totals	<u>\$ 1,113,584</u>	<u>\$ 197,632</u>
Totals	<u>\$ 1,311,216</u>	<u>\$ 1,311,216</u>

Note 6 - Interfund Transactions (continued)

Amounts due from the General Fund mostly represent maintenance fee 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 from the Water Sewer Fund represent advances made by 324 Capital Projects Fund to cover costs of bond issuance. Amounts due to the Water Sewer Fund represent deposit made into the 220 Debt Service to be used in bond refunding in 2019. All balances are expected to be paid within 60 days after year end.

Interfund transfers during the year were as follows:

	Transfer In	Transfer Out
Governmental funds:		
General Fund	\$ 6,211	\$ -
212 Debt Service Fund	-	6,211
323 Capital Project Fund	50	-
Governmental totals	<u>\$ 6,261</u>	<u>\$ 6,211</u>
Enterprise funds:		
Water and Sewer Fund	-	50
Enterprise totals	<u>\$ -</u>	<u>\$ 50</u>
Totals	<u>\$ 6,261</u>	<u>\$ 6,261</u>

The amounts transferred into the General Fund and out of the 212 Debt Service Fund are for tax revenue. The amounts transferred into the 323 Capital Project Fund and out of the Water and Sewer Fund are related to bank fees.

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:

	Balance October 1, 2017	Increase (Decrease)	Balance September 30, 2018	Due Within One Year
Compensated absences	\$ 33,368	\$ 989	\$ 34,357	\$ 3,436
Total	<u>\$ 33,368</u>	<u>\$ 989</u>	<u>\$ 34,357</u>	<u>\$ 3,436</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, 2017	Increase (Decrease)	Balance September 30, 2018	Due Within One Year
Compensated absences	\$ 110,451	\$ 6,573	\$ 117,024	\$ 11,702
Total	\$ <u>110,451</u>	\$ <u>6,573</u>	\$ <u>117,024</u>	\$ <u>11,702</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 \$ 49,900 to the Investment Plan for the year ended September 30, 2018

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.

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 July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three 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.

Note 9 - Florida Retirement System (continued)

The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular - 7.92% and 8.26%; Special Risk Administrative Support - 34.63% and 34.98%; Special Risk - 23.27% and 24.50%; Senior Management Service - 22.71% and 24.06%; Elected Officers' - 45.50% and 48.50%; and DROP participants - 13.26% and 14.03%. These employer contribution rates include 1.66% HIS Plan subsidy for both the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers asset by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018 was 1.66% for both periods. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the District reported a liability of \$ 3,060,436 for its proportionate share of the Pension Plan's net pension liability and \$ 1,127,719 for the HIS Plan's net pension liability for a total pension liability of \$ 4,188,155. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. At June 30, 2018, the Districts proportion was .01016063 percent for the Pension Plan and .01065483 percent for the HIS Plan, which was an increase of .00079364 percent and .00023174 percent respectively, from the proportionate share measured as of June 30, 2017.

North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2018

Note 9 - Florida Retirement System (continued)

For the year ended September 30, 2018, the District recognized pension expense of \$ 758,381 for the Pension plan and \$ 223,743 for the HIS plan for a total pension expense of \$ 982,124. At September 30, 2018, 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	\$ 259,265	\$ 17,265	\$ 276,530
Changes of assumptions	1,000,001	125,416	1,125,417
Net difference between project and actual earnings on pension plan investments	-	681	681
Changes in proportion and differences between District contributions and proportionate share of contributions	895,743	607,421	1,503,164
District contributions subsequent to the measurement date	<u>70,243</u>	<u>12,967</u>	<u>83,210</u>
Total	<u>\$ 2,225,252</u>	<u>\$ 763,750</u>	<u>\$ 2,989,002</u>

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ 9,410	\$ 1,916	\$ 11,326
Changes of assumptions	-	119,232	119,232
Net difference between project and actual earnings on pension plan investments	<u>236,456</u>	<u>-</u>	<u>236,456</u>
Total	<u>\$ 245,866</u>	<u>\$ 121,148</u>	<u>\$ 367,014</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
2019	\$ 626,150	\$ 155,348	\$ 781,498
2020	501,472	155,290	656,762
2021	270,877	150,662	421,539
2022	319,637	142,265	461,902
2023	164,444	26,361	190,805
Thereafter	26,563	(291)	26,272

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, 2018 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	7.00%, 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%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate property	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
Total	100%			
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 7.00% 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 3.87% 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 single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. 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 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability for Pension Plan	\$ <u>5,585,423</u>	\$ <u>3,060,436</u>	\$ <u>963,284</u>

Note 9 - Florida Retirement System (continued)

	1% Decrease <u>2.87%</u>	Current Discount Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
District's proportionate share of the net pension liability for HIS Plan	\$ <u>1,284,406</u>	\$ <u>1,127,719</u>	\$ <u>997,112</u>

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Note 10 - Post-Employment Benefits

During fiscal year 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45. See Note 13 below for information on the effect of implementation on beginning net position in the government wide and proprietary fund statements.

Plan Description and Funding Policy: The District provides post-employment health insurance benefits, also known as other postemployment benefits (“OPEB”) to its retired employees through a single-employer plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District or its major component unit and eligible dependents may continue to participate in the District’s fully-insured benefit plan for medical insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided until the retiree’s attainment of age 62 (or until such time at which retiree discontinues coverage under the District sponsored plans, if earlier). There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and as a result, there is no separate financial report issued.

Currently, the District’s OPEB benefits are unfunded. That is, the District has not determined if a separate Trust Fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Current and future retirees will be required to pay 100% of the blended premium to continue coverage under the District’s group health insurance program.

Note 10 - Post-Employment Benefits (continued)

The following table provides a summary of the number of participants in the plan as of the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>63</u>
Total plan members	<u><u>63</u></u>

Actuarial Methods and Assumptions: The actuarial valuation of 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits in force at the valuation date. 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.

The total OPEB liability at September 30, 2018 was based on an actuarial valuation dated October 1, 2016 with a measurement date of September 30, 2017 using the following actuarial assumptions:

Discount Rate	3.35%
Salary Increases	3.00%
Retirement Age	Earlier of any age with at least 30 years of service or age 62 with at least 6 years of service
Mortality	Mortality tables used in the October 1, 2016 actuarial valuation of the Plan are based on the sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB
Healthcare Cost Trend Rates	Trend rates for 2017 assumed to be 8.00%, graded down by 0.50% per year, decreasing to an ultimate trend rate of 5.00%
Aging Factors	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2017 was 3.35%. Because the District’s OPEB costs are funded on a pay-as-you-go funding structure, the discount rate was based on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Note 10 - Post-Employment Benefits (continued)

Total OPEB Liability of the District: The components of the District’s net OPEB liability at September 30, 2018, are as follows:

Total OPEB liability	\$ 731,600
OPEB Plan fiduciary net position	<u>-</u>
District's net OPEB liability	<u>\$ 731,600</u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>

Changes in Total OPEB Liability

Measurement year ended September 30, 2017

Total OPEB liability:	
Service cost	\$ 72,330
Interest on total OPEB liability	23,889
Benefit payments	<u>(10,691)</u>
Net change in total OPEB liability	85,528
Total OPEB liability, beginning	<u>646,072</u>
Total OPEB liability, ending	<u>\$ 731,600</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using a discount rate of 3.35%, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.35%)	Current Discount Rate (3.35%)	1% Increase (4.35%)
Total OPEB Liability	\$ <u>812,169</u>	\$ <u>731,600</u>	\$ <u>653,898</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trends Rate: The following table presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease 7.00% Decreasing to 4.00%	Trend Rate Assumption 8.00% Decreasing to 5.00%	1% Trend Increase 9.00% Decreasing to 6.00%
Total OPEB Liability	\$ <u>613,349</u>	\$ <u>731,600</u>	\$ <u>877,316</u>

Note 10 - Post-Employment Benefits (continued)

OPEB expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2018, the District recognized OPEB expense of \$ 85,528. At September 30, 2018, the District has no deferred outflows of resources or deferred inflows of resources related to OPEB.

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 entered into various design, engineering, and construction activities. The company handling the transactions owned by an employee of the District, which was allowed by Florida statute. The fees charged were deemed normal and customary by the Board.

Note 13 - Restatement of Beginning Net Position

The net position of the Governmental Activities, Business-Type Activities, and Water and Sewer Fund have been adjusted due to the adoption of GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018.

	<u>Government-Wide Statements</u>		<u>Enterprise Funds</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water and Sewer Fund</u>
Net position, September 30, 2017, as previously reported	\$ 72,511,193	\$ 80,666,478	\$ 80,666,478
Adoption of GASB Statement No. 75	<u>(18,929)</u>	<u>(62,143)</u>	<u>(62,143)</u>
Net position, September 30, 2017, as restated	<u>\$ 72,492,264</u>	<u>\$ 80,604,335</u>	<u>\$ 80,604,335</u>

REQUIRED SUPPLEMENTARY
INFORMATION

North Springs Improvement District
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
(Unaudited)

Fiscal Year:	9/30/2018
Measurement Date:	<u>9/30/2017</u>
Total OPEB liability	
Service cost	\$ 72,330
Interest	23,889
Benefit payments and refunds	<u>(10,691)</u>
Net change in total OPEB liability	85,528
Total OPEB liability - beginning	<u>646,072</u>
Total OPEB liability - ending	<u><u>\$ 731,600</u></u>
Covered Payroll	\$ 2,929,916
Total OPEB liability as a percentage of covered payroll	25.0%

Notes to Schedule:

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Plan Assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
The District's proportion of the net pension liability	0.01016063%	0.00936699%	0.00698971%
The District's proportionate share of the net pension liability	\$ 3,060,436	\$ 2,770,692	\$ 1,764,907
The District's covered-employee payroll	\$ 3,041,839	\$ 2,828,795	\$ 2,511,615
The District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	100.61%	97.95%	70.27%
Plan fiduciary net position as a percentage of total pension liability	84.26%	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)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
The District's proportion of the net pension liability	0.01065483%	0.01042309%	0.00942846%
The District's proportionate share of the net pension liability	\$ 1,127,719	\$ 1,114,485	\$ 1,098,848
The District's covered-employee payroll	\$ 3,459,191	\$ 3,322,331	\$ 2,910,629
The District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.60%	33.55%	37.75%
Plan fiduciary net position as a percentage of total pension liability	2.15%	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)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 262,736	\$ 230,724	\$ 181,314
Contributions in related to the contractually required contribution	<u>(262,736)</u>	<u>(230,724)</u>	<u>(181,314)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District's covered-employee payroll	\$ 3,041,839	\$ 2,934,026	\$ 2,726,099
Contributions as a percentage of covered payroll	8.64%	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)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 57,423	\$ 56,791	\$ 52,491
Contributions in related to the contractually required contribution	<u>(57,423)</u>	<u>(56,791)</u>	<u>(52,491)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District's covered-employee payroll	\$ 3,459,191	\$ 3,421,121	\$ 3,161,389
Contributions as a percentage of covered payroll	1.66%	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
Last 10 Fiscal Years *
(Unaudited)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted annual rate of return, net of investment expenses	9.28%	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 -
Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted annual rate of return, net of investment expenses	9.28%	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.

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.

2017 Debt Service Fund (221 Debt Service) - The 2017 Debt Service Fund accounts for debt service requirements for the District's outstanding Water Management Bond, Series 2017.

2017 Debt Service Fund (222 Debt Service) - The 2017 Debt Service Fund accounts for debt service requirements for the District's outstanding Special Assessment Bond, Series 2017.

2018 Debt Service Fund (223 Debt Service) - The 2018 Debt Service Fund accounts for debt service requirements for the District's outstanding Special Assessment Bond, Series 2018.

2018 Debt Service Fund (224 Debt Service) - The 2018 Debt Service Fund accounts for debt service requirements for the District's outstanding Water Management Bond, Series 2018.

Parkland Bay Area Debt Service Fund (225 Debt Service) - The Parkland Bay Area Debt Service Fund accounts for debt service requirements for the District's Special Assessment Bond, Series 2018.

North Springs Improvement District
Nonmajor Governmental Funds Overview
(Continued)

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.

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.

North Springs Improvement District
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018

	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Restricted investments	\$ <u>5,690,106</u>	\$ <u>1,508,732</u>	\$ <u>7,198,838</u>
Total assets	\$ <u><u>5,690,106</u></u>	\$ <u><u>1,508,732</u></u>	\$ <u><u>7,198,838</u></u>
Liabilities:			
Due to other funds	\$ <u>1,637</u>	\$ <u>8,100</u>	\$ <u>9,737</u>
Total liabilities	<u>1,637</u>	<u>8,100</u>	<u>9,737</u>
Fund balances:			
Restricted for:			
Debt service	5,688,469	-	5,688,469
Capital projects	-	<u>1,500,632</u>	<u>1,500,632</u>
Total fund balances	<u>5,688,469</u>	<u>1,500,632</u>	<u>7,189,101</u>
Total liabilities and fund balances	\$ <u><u>5,690,106</u></u>	\$ <u><u>1,508,732</u></u>	\$ <u><u>7,198,838</u></u>

North Springs Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Special assessments	\$ 5,609,227	\$ -	\$ 5,609,227
Investment earnings	57,391	16,750	74,141
Miscellaneous revenues	202,684	-	202,684
	<u>5,869,302</u>	<u>16,750</u>	<u>5,886,052</u>
Expenditures:			
Capital outlay	-	826,224	826,224
Debt service:			
Principal	3,710,000	-	3,710,000
Interest	2,733,871	-	2,733,871
Bond issuance costs and other fiscal charges	36,828	-	36,828
	<u>6,480,699</u>	<u>826,224</u>	<u>7,306,923</u>
Total expenditures	<u>6,480,699</u>	<u>826,224</u>	<u>7,306,923</u>
Excess (deficiency) of revenues over expenditures	<u>(611,397)</u>	<u>(809,474)</u>	<u>(1,420,871)</u>
Other Financing Sources (Uses):			
Operating transfers out	(6,211)	-	(6,211)
Issuance of bonds	2,347,264	-	2,347,264
	<u>2,341,053</u>	<u>-</u>	<u>2,341,053</u>
Total other financing sources (uses)	<u>2,341,053</u>	<u>-</u>	<u>2,341,053</u>
Net change in fund balances	<u>1,729,656</u>	<u>(809,474)</u>	<u>920,182</u>
Fund Balances, October 1, 2017	<u>3,958,813</u>	<u>2,310,106</u>	<u>6,268,919</u>
Fund Balances, September 30, 2018	<u>\$ 5,688,469</u>	<u>\$ 1,500,632</u>	<u>\$ 7,189,101</u>

North Springs Improvement District
Combining Balance Sheet - Nonmajor Debt Service Funds
September 30, 2018

	<u>210</u> <u>Debt</u> <u>Service</u>	<u>212</u> <u>Debt</u> <u>Service</u>	<u>213</u> <u>Debt</u> <u>Service</u>	<u>214</u> <u>Debt</u> <u>Service</u>	<u>215</u> <u>Debt</u> <u>Service</u>	<u>216</u> <u>Debt</u> <u>Service</u>	<u>217</u> <u>Debt</u> <u>Service</u>
Assets:							
Restricted investments	\$ 36,607	\$ -	\$ 340,018	\$ 548,909	\$ 253,374	\$ 415,704	\$ 279,538
Total assets	<u>\$ 36,607</u>	<u>\$ -</u>	<u>\$ 340,018</u>	<u>\$ 548,909</u>	<u>\$ 253,374</u>	<u>\$ 415,704</u>	<u>\$ 279,538</u>
Liabilities:							
Due to other funds	\$ 1,336	\$ -	\$ -	\$ -	\$ 167	\$ 67	\$ 67
Total liabilities	<u>1,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167</u>	<u>67</u>	<u>67</u>
Fund Balances:							
Restricted for:							
Debt service	<u>35,271</u>	<u>-</u>	<u>340,018</u>	<u>548,909</u>	<u>253,207</u>	<u>415,637</u>	<u>279,471</u>
Total fund balances	<u>35,271</u>	<u>-</u>	<u>340,018</u>	<u>548,909</u>	<u>253,207</u>	<u>415,637</u>	<u>279,471</u>
Total liabilities and fund balances	<u>\$ 36,607</u>	<u>\$ -</u>	<u>\$ 340,018</u>	<u>\$ 548,909</u>	<u>\$ 253,374</u>	<u>\$ 415,704</u>	<u>\$ 279,538</u>

218 Debt Service	219 Debt Service	221 Debt Service	222 Debt Service	223 Debt Service	224 Debt Service	225 Debt Service	Total Nonmajor Debt Service Funds
\$ 388,700	\$ 1,427,942	\$ 440,217	\$ 537,348	\$ 133,982	\$ 562,411	\$ 325,356	\$ 5,690,106
<u>\$ 388,700</u>	<u>\$ 1,427,942</u>	<u>\$ 440,217</u>	<u>\$ 537,348</u>	<u>\$ 133,982</u>	<u>\$ 562,411</u>	<u>\$ 325,356</u>	<u>\$ 5,690,106</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,637
-	-	-	-	-	-	-	1,637
<u>388,700</u>	<u>1,427,942</u>	<u>440,217</u>	<u>537,348</u>	<u>133,982</u>	<u>562,411</u>	<u>325,356</u>	<u>5,688,469</u>
<u>388,700</u>	<u>1,427,942</u>	<u>440,217</u>	<u>537,348</u>	<u>133,982</u>	<u>562,411</u>	<u>325,356</u>	<u>5,688,469</u>
<u>\$ 388,700</u>	<u>\$ 1,427,942</u>	<u>\$ 440,217</u>	<u>\$ 537,348</u>	<u>\$ 133,982</u>	<u>\$ 562,411</u>	<u>\$ 325,356</u>	<u>\$ 5,690,106</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, 2018**

	<u>210</u> <u>Debt</u> <u>Service</u>	<u>212</u> <u>Debt</u> <u>Service</u>	<u>213</u> <u>Debt</u> <u>Service</u>	<u>214</u> <u>Debt</u> <u>Service</u>	<u>215</u> <u>Debt</u> <u>Service</u>	<u>216</u> <u>Debt</u> <u>Service</u>	<u>217</u> <u>Debt</u> <u>Service</u>
Revenues:							
Special assessments	\$ 199,357	\$ 500,937	\$ 557,366	\$ 513,825	\$ 427,138	\$ 403,965	\$ 756,264
Interest income	1,340	2,606	4,565	6,228	3,348	4,854	4,974
Miscellaneous revenues	-	202,684	-	-	-	-	-
Total revenues	<u>200,697</u>	<u>706,227</u>	<u>561,931</u>	<u>520,053</u>	<u>430,486</u>	<u>408,819</u>	<u>761,238</u>
Expenditures:							
Debt service:							
Principal	185,000	980,000	200,000	-	160,000	-	610,000
Interest	16,768	27,686	355,200	505,050	273,256	398,162	140,276
Bond issuance costs and other fiscal charges	4,337	3,717	3,761	3,761	3,861	3,761	4,788
Total expenditures	<u>206,105</u>	<u>1,011,403</u>	<u>558,961</u>	<u>508,811</u>	<u>437,117</u>	<u>401,923</u>	<u>755,064</u>
Excess of revenues over (under) expenditures	(5,408)	(305,176)	2,970	11,242	(6,631)	6,896	6,174
Other Financing Sources (Uses):							
Operating transfers out	-	(6,211)	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(6,211)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,408)	(311,387)	2,970	11,242	(6,631)	6,896	6,174
Fund Balances, October 1, 2017	<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>
Fund Balances, September 30, 2018	<u>\$ 35,271</u>	<u>\$ -</u>	<u>\$ 340,018</u>	<u>\$ 548,909</u>	<u>\$ 253,207</u>	<u>\$ 415,637</u>	<u>\$ 279,471</u>

218 Debt Service	219 Debt Service	221 Debt Service	222 Debt Service	223 Debt Service	224 Debt Service	225 Debt Service	Total Nonmajor Debt Service Funds
\$ 512,617	\$ 1,737,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,609,227
5,258	13,220	4,717	5,511	770	-	-	57,391
-	-	-	-	-	-	-	202,684
<u>517,875</u>	<u>1,750,978</u>	<u>4,717</u>	<u>5,511</u>	<u>770</u>	<u>-</u>	<u>-</u>	<u>5,869,302</u>
295,000	1,280,000	-	-	-	-	-	3,710,000
214,985	443,540	183,878	165,142	9,928	-	-	2,733,871
4,421	4,421	-	-	-	-	-	36,828
<u>514,406</u>	<u>1,727,961</u>	<u>183,878</u>	<u>165,142</u>	<u>9,928</u>	<u>-</u>	<u>-</u>	<u>6,480,699</u>
3,469	23,017	(179,161)	(159,631)	(9,158)	-	-	(611,397)
-	-	-	-	-	-	-	(6,211)
-	-	619,378	696,979	143,140	562,411	325,356	2,347,264
-	-	619,378	696,979	143,140	562,411	325,356	2,341,053
3,469	23,017	440,217	537,348	133,982	562,411	325,356	1,729,656
385,231	1,404,925	-	-	-	-	-	3,958,813
<u>\$ 388,700</u>	<u>\$ 1,427,942</u>	<u>\$ 440,217</u>	<u>\$ 537,348</u>	<u>\$ 133,982</u>	<u>\$ 562,411</u>	<u>\$ 325,356</u>	<u>\$ 5,688,469</u>

**North Springs Improvement District
Combining Balance Sheet - Nonmajor Capital Projects Funds
September 30, 2018**

	313 Capital Projects	314 Capital Projects	315 Capital Projects	316 Capital Projects	317 Capital Projects	318 Capital Projects	Total Nonmajor Capital Projects Funds
Assets:							
Restricted investments	\$ 54,768	\$ 56,228	\$ 56,110	\$ 57,704	\$ 118,290	\$ 1,165,632	\$ 1,508,732
Total assets	<u>\$ 54,768</u>	<u>\$ 56,228</u>	<u>\$ 56,110</u>	<u>\$ 57,704</u>	<u>\$ 118,290</u>	<u>\$ 1,165,632</u>	<u>\$ 1,508,732</u>
Liabilities:							
Due to other funds	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	\$ 6,100	\$ 8,100
Total liabilities	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>6,100</u>	<u>8,100</u>
Fund Balances:							
Restricted for:							
Capital projects	<u>54,268</u>	<u>55,728</u>	<u>55,610</u>	<u>57,204</u>	<u>118,290</u>	<u>1,159,532</u>	<u>1,500,632</u>
Total fund balances	<u>54,268</u>	<u>55,728</u>	<u>55,610</u>	<u>57,204</u>	<u>118,290</u>	<u>1,159,532</u>	<u>1,500,632</u>
Total liabilities and fund balances	<u>\$ 54,768</u>	<u>\$ 56,228</u>	<u>\$ 56,110</u>	<u>\$ 57,704</u>	<u>\$ 118,290</u>	<u>\$ 1,165,632</u>	<u>\$ 1,508,732</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, 2018**

	<u>313 Capital Projects</u>	<u>314 Capital Projects</u>	<u>315 Capital Projects</u>	<u>316 Capital Projects</u>	<u>317 Capital Projects</u>	<u>318 Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:							
Interest income	\$ 1,211	\$ 608	\$ 590	\$ 618	\$ 1,242	\$ 12,481	\$ 16,750
Total revenues	<u>1,211</u>	<u>608</u>	<u>590</u>	<u>618</u>	<u>1,242</u>	<u>12,481</u>	<u>16,750</u>
Expenditures:							
Capital outlay	<u>787,612</u>	<u>4,500</u>	<u>-</u>	<u>3,012</u>	<u>-</u>	<u>31,100</u>	<u>826,224</u>
Total expenditures	<u>787,612</u>	<u>4,500</u>	<u>-</u>	<u>3,012</u>	<u>-</u>	<u>31,100</u>	<u>826,224</u>
Excess of revenues over (under) expenditures	<u>(786,401)</u>	<u>(3,892)</u>	<u>590</u>	<u>(2,394)</u>	<u>1,242</u>	<u>(18,619)</u>	<u>(809,474)</u>
Net change in fund balances	(786,401)	(3,892)	590	(2,394)	1,242	(18,619)	(809,474)
Fund Balances, October 1, 2017	<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>2,310,106</u>
Fund Balances, September 30, 2018	<u>\$ 54,268</u>	<u>\$ 55,728</u>	<u>\$ 55,610</u>	<u>\$ 57,204</u>	<u>\$ 118,290</u>	<u>\$ 1,159,532</u>	<u>\$ 1,500,632</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 statements of the governmental activities, the business-type activities, and each major fund of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2018, 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 11, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 11, 2019

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 fiscal year ended September 30, 2018, and have issued our report thereon dated February 11, 2019.

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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards* and Independent Accountant's Report 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 11, 2019, 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 and 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 70-617, as amended. The District does not have any component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and 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.

Monthly Financial Statements

Section 10.554(1)(i)6.a and 10.556(9), 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 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

Section 10.554(1)(i)6.b. and 10.556(9), Rules of the Auditor General, require us to 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.

Section 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require us to 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 us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not 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 11, 2019

INDEPENDENT ACCOUNTANT'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, 2018. Management is responsible for the District's compliance with the specific requirements. Our responsibility is to express an opinion on the District's compliance with the specific requirements based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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 11, 2019