

# North Springs Improvement District

Basic Financial Statements  
For the Year Ended September 30, 2019

## North Springs Improvement District

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
North Springs Improvement District

### **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, 2019, 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, 2019, 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 44 through 50 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 statement. The other financial 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. Such 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 January 31, 2020, 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  
January 31, 2020

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, 2019:

- The District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$ 169,856,446 (net position). Unrestricted net position for governmental activities was \$ 258,666. Unrestricted net position for business-type activities was \$ 21,115,215.
- Governmental activities revenues totaled \$ 12,046,589 while governmental activities expenses totaled \$ 12,069,682. Business-type revenues totaled \$ 20,319,402 while business-type expenses totaled \$ 17,012,662.

### **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 20 through 43 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 44 through 50.

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 51 through 62.

**North Springs Improvement District  
Management's Discussion and Analysis  
September 30, 2019**

**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, 2019 and 2018:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and other assets	\$ 4,405,382	\$ 3,545,179	\$ 26,564,912	\$ 31,800,013	\$ 30,970,294	\$ 35,345,192
Restricted assets	20,028,247	22,956,852	7,307,890	7,608,342	27,336,137	30,565,194
Capital assets (net)	<u>132,316,828</u>	<u>132,380,968</u>	<u>108,588,339</u>	<u>100,864,052</u>	<u>240,905,167</u>	<u>233,245,020</u>
Total assets	<u>156,750,457</u>	<u>158,882,999</u>	<u>142,461,141</u>	<u>140,272,407</u>	<u>299,211,598</u>	<u>299,155,406</u>
Total deferred outflows of resources	<u>959,242</u>	<u>1,066,516</u>	<u>1,823,433</u>	<u>2,136,735</u>	<u>2,782,675</u>	<u>3,203,251</u>
<b>Liabilities:</b>						
Current liabilities	6,665,359	5,309,428	5,142,940	4,753,971	11,808,299	10,063,399
Noncurrent liabilities	<u>80,398,908</u>	<u>83,994,413</u>	<u>39,436,437</u>	<u>41,361,032</u>	<u>119,835,345</u>	<u>125,355,445</u>
Total liabilities	<u>87,064,267</u>	<u>89,303,841</u>	<u>44,579,377</u>	<u>46,115,003</u>	<u>131,643,644</u>	<u>135,418,844</u>
Total deferred inflows of resources	<u>120,430</u>	<u>97,579</u>	<u>373,753</u>	<u>269,435</u>	<u>494,183</u>	<u>367,014</u>
<b>Net position:</b>						
Net investment in capital assets	70,266,336	69,512,622	70,908,339	68,487,394	141,174,675	138,000,016
Restricted	-	537,145	7,307,890	4,889,345	7,307,890	5,426,490
Unrestricted	<u>258,666</u>	<u>498,328</u>	<u>21,115,215</u>	<u>22,647,965</u>	<u>21,373,881</u>	<u>23,146,293</u>
Total net position	<u>\$ 70,525,002</u>	<u>\$ 70,548,095</u>	<u>\$ 99,331,444</u>	<u>\$ 96,024,704</u>	<u>\$ 169,856,446</u>	<u>\$ 166,572,799</u>

**Governmental and Business-Type Activities:** Governmental activities decreased the District's net position by \$ 23,093, while business-type activities increased the District's net position by \$ 3,306,740, as reflected in the table below:

**North Springs Improvement District  
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 17,845,999	\$ 17,290,572	\$ 17,845,999	\$ 17,290,572
Capital grants and contributions	-	-	2,117,635	13,332,444	2,117,635	13,332,444
<b>Taxes:</b>						
Assessments	11,545,412	11,458,918	-	-	11,545,412	11,458,918
Miscellaneous	<u>88,206</u>	<u>468,369</u>	<u>133,501</u>	<u>104,244</u>	<u>221,707</u>	<u>572,613</u>
Total revenues	<u>11,633,618</u>	<u>11,927,287</u>	<u>20,097,135</u>	<u>30,727,260</u>	<u>31,730,753</u>	<u>42,654,547</u>

**North Springs Improvement District  
Management's Discussion and Analysis  
September 30, 2019**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Expenses:						
General government	806,777	1,958,655	-	-	806,777	1,958,655
Physical environment	1,563,546	2,537,467	-	-	1,563,546	2,537,467
Water and sewer	-	-	11,498,347	11,114,092	11,498,347	11,114,092
Provisions for depreciation	4,199,517	4,088,429	4,120,390	2,859,166	8,319,907	6,947,595
Interest expense and other fiscal charges	5,499,842	5,439,892	1,312,488	1,397,453	6,812,330	6,837,345
Total expenses	<u>12,069,682</u>	<u>14,024,443</u>	<u>16,931,225</u>	<u>15,370,711</u>	<u>29,000,907</u>	<u>29,395,154</u>
Change in net position before other income (expense)	<u>(436,064)</u>	<u>(2,097,156)</u>	<u>3,165,910</u>	<u>15,356,549</u>	<u>2,729,846</u>	<u>13,259,393</u>
Other income (expense):						
Interest income	412,971	152,937	222,267	74,042	635,238	226,979
Gain (loss) on disposal of property	-	-	(81,437)	(10,172)	(81,437)	(10,172)
Transfers	-	50	-	(50)	-	-
Total other income (expense)	<u>412,971</u>	<u>152,987</u>	<u>140,830</u>	<u>63,820</u>	<u>553,801</u>	<u>216,807</u>
Change in net position	<u>(23,093)</u>	<u>(1,944,169)</u>	<u>3,306,740</u>	<u>15,420,369</u>	<u>3,283,647</u>	<u>13,476,200</u>
Net position, beginning 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>
Net position, end of the year	<u>\$ 70,525,002</u>	<u>\$ 70,548,095</u>	<u>\$ 99,331,444</u>	<u>\$ 96,024,704</u>	<u>\$ 169,856,446</u>	<u>\$ 166,572,799</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 \$ 24,250,317.

### **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, 2019 amounts to \$ 132,316,828 and \$ 108,588,339, 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 \$ 82,264,926 and the District's business activities had debt outstanding of \$ 37,680,000.

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

### **General Fund Budgetary Highlights**

An operating budget for the General Fund was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The General Fund budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The budget to actual comparisons for the General Fund, including the original and final adopted budget, is shown on page 15.

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

The 2020 General Fund's budgeted expenditures increased by approximately \$ 64,000. The increase is mainly due to increased repair and maintenance expenses. The 2020 Water and Sewer Fund's budgeted expenses increased by approximately \$ 550,000. The increase is due to an increase in utility wastewater treatment and repair and maintenance expenses. 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 52<sup>nd</sup> Street, Coral Springs, Florida 33076.

BASIC  
FINANCIAL STATEMENTS

**North Springs Improvement District  
Statement of Net Position  
September 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 5,806,054	\$ 18,572,306	\$ 24,378,360
Investments	-	288,921	288,921
Accounts receivable	27,357	5,835,387	5,862,744
Internal balances	(1,489,134)	1,489,134	-
Prepaid items	61,105	379,164	440,269
Restricted investments	20,028,247	7,307,890	27,336,137
Noncurrent assets:			
Capital assets:			
Depreciable (net)	102,060,898	99,308,536	201,369,434
Nondepreciable	<u>30,255,930</u>	<u>9,279,803</u>	<u>39,535,733</u>
Total assets	<u>156,750,457</u>	<u>142,461,141</u>	<u>299,211,598</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	186,187	-	186,187
Deferred outflows related to pensions	764,824	1,786,964	2,551,788
Deferred outflows related to OPEB	<u>8,231</u>	<u>36,469</u>	<u>44,700</u>
Total deferred outflows of resources	<u>959,242</u>	<u>1,823,433</u>	<u>2,782,675</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	48,821	196,268	245,089
Accrued liabilities	26,991	226,815	253,806
Contracts payable	-	493,105	493,105
Customer deposits	107,500	904,234	1,011,734
Due to developer	-	286,757	286,757
Accrued interest	3,128,614	647,402	3,776,016
Bonds payable	3,350,000	2,375,000	5,725,000
Compensated absences payable	3,433	13,359	16,792
Noncurrent liabilities:			
Compensated absences payable	30,897	120,231	151,128
Other post-employment benefits liability	165,112	558,084	723,196
Net pension liability	1,287,973	3,453,122	4,741,095
Bonds payable	<u>78,914,926</u>	<u>35,305,000</u>	<u>114,219,926</u>
Total liabilities	<u>87,064,267</u>	<u>44,579,377</u>	<u>131,643,644</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to pensions	90,436	240,861	331,297
Deferred inflows related to OPEB	<u>29,994</u>	<u>132,892</u>	<u>162,886</u>
Total deferred inflows of resources	<u>120,430</u>	<u>373,753</u>	<u>494,183</u>
<b>Net Position:</b>			
Net investment in capital assets	70,266,336	70,908,339	141,174,675
Restricted for:			
Renewal and replacement	-	1,925,903	1,925,903
Debt service	-	5,381,987	5,381,987
Unrestricted	<u>258,666</u>	<u>21,115,215</u>	<u>21,373,881</u>
Total net position	<u>\$ 70,525,002</u>	<u>\$ 99,331,444</u>	<u>\$ 169,856,446</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, 2019**

	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
<b>Functions/Programs:</b>							
Governmental activities:							
General government	\$ 806,777	\$ -	\$ -	\$ -	\$ (806,777)	\$ -	\$ (806,777)
Physical environment	1,563,546	-	-	-	(1,563,546)	-	(1,563,546)
Provision for depreciation	4,199,517	-	-	-	(4,199,517)	-	(4,199,517)
Interest expense and other fiscal charges	5,499,842	-	-	-	(5,499,842)	-	(5,499,842)
Total governmental activities	<u>12,069,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,069,682)</u>	<u>-</u>	<u>(12,069,682)</u>
Business-type activities:							
Personnel services	5,353,605	-	-	-	-	(5,353,605)	(5,353,605)
Materials, supplies and services	6,144,742	17,845,999	-	2,117,635	-	13,818,892	13,818,892
Loss on disposal of capital assets	81,437	-	-	-	-	(81,437)	(81,437)
Provision for depreciation	4,120,390	-	-	-	-	(4,120,390)	(4,120,390)
Interest expense and other fiscal charges	1,312,488	-	-	-	-	(1,312,488)	(1,312,488)
Total business-type activities	<u>17,012,662</u>	<u>17,845,999</u>	<u>-</u>	<u>2,117,635</u>	<u>-</u>	<u>2,950,972</u>	<u>2,950,972</u>
Total primary government	<u>\$ 29,082,344</u>	<u>\$ 17,845,999</u>	<u>\$ -</u>	<u>\$ 2,117,635</u>	<u>(12,069,682)</u>	<u>2,950,972</u>	<u>(9,118,710)</u>
General revenues:							
Special assessments					11,545,412	-	11,545,412
Investment earnings					412,971	222,267	635,238
Miscellaneous					88,206	133,501	221,707
Total general revenues					<u>12,046,589</u>	<u>355,768</u>	<u>12,402,357</u>
Change in net position					(23,093)	3,306,740	3,283,647
Net position, October 1, 2018					<u>70,548,095</u>	<u>96,024,704</u>	<u>166,572,799</u>
Net position, September 30, 2019					<u>\$ 70,525,002</u>	<u>\$ 99,331,444</u>	<u>\$ 169,856,446</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, 2019**

	<u>General</u>	<u>219 Debt Service</u>	<u>322 Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 4,794,669	\$ -	\$ -	\$ 1,011,385	\$ 5,806,054
Accounts receivable	27,357	-	-	-	27,357
Prepaid expenditures	61,105	-	-	-	61,105
Restricted investments	-	1,445,404	971,875	17,610,968	20,028,247
	<u>-</u>	<u>1,445,404</u>	<u>971,875</u>	<u>17,610,968</u>	<u>20,028,247</u>
Total assets	\$ <u>4,883,131</u>	\$ <u>1,445,404</u>	\$ <u>971,875</u>	\$ <u>18,622,353</u>	\$ <u>25,922,763</u>
<b>Liabilities:</b>					
Accounts payable	\$ 40,739	\$ -	\$ -	\$ 8,082	\$ 48,821
Accrued liabilities	26,991	-	-	-	26,991
Customer deposits	107,500	-	-	-	107,500
Due to other funds	470,795	-	-	18,339	489,134
Advance from other fund	-	-	-	1,000,000	1,000,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total liabilities	<u>646,025</u>	<u>-</u>	<u>-</u>	<u>1,026,421</u>	<u>1,672,446</u>
<b>Fund Balances:</b>					
Restricted for:					
Debt service	-	1,445,404	-	5,283,251	6,728,655
Capital projects	-	-	971,875	12,312,681	13,284,556
Assigned to:					
Parkland Isles operating reserve	50,000	-	-	-	50,000
First quarter operating reserves	187,383	-	-	-	187,383
Unassigned	3,999,723	-	-	-	3,999,723
	<u>4,237,106</u>	<u>1,445,404</u>	<u>971,875</u>	<u>17,595,932</u>	<u>24,250,317</u>
Total fund balances	<u>4,237,106</u>	<u>1,445,404</u>	<u>971,875</u>	<u>17,595,932</u>	<u>24,250,317</u>
Total liabilities and fund balances	\$ <u>4,883,131</u>	\$ <u>1,445,404</u>	\$ <u>971,875</u>	\$ <u>18,622,353</u>	\$ <u>25,922,763</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, 2019**

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**Fund Balances - Total Governmental Funds** \$ 24,250,317

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	\$ 202,231,810	
Accumulated depreciation	<u>(69,914,982)</u>	132,316,828

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	\$ (1,287,973)	
Deferred inflows related to pensions	(90,436)	
Deferred outflows related to pensions	<u>764,824</u>	(613,585)

The other post-employment benefits (OPEB) liability and related deferred inflows and outflows are not an available resource and, therefore, are not report in the funds.

Other post-employment benefits liability	(165,112)	
Deferred inflows related to OPEB	(29,994)	
Deferred outflows related to OPEB	<u>8,231</u>	(186,875)

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

Bonds payable	\$ (82,264,926)	
Deferred charge on refunding	186,187	
Accrued interest payable on long term debt	(3,128,614)	
Compensated absences	<u>(34,330)</u>	<u>(85,241,683)</u>

**Net Position of Governmental Activities** \$ 70,525,002

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, 2019**

	<u>General</u>	<u>219 Debt Service</u>	<u>322 Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Special assessments	\$ 3,587,979	\$ 1,729,159	\$ -	\$ 6,228,274	\$ 11,545,412
Permit fees	53,540	-	-	-	53,540
Investment earnings	15,440	23,384	28,961	345,186	412,971
Miscellaneous revenues	<u>34,166</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>34,666</u>
Total revenues	<u>3,691,125</u>	<u>1,752,543</u>	<u>28,961</u>	<u>6,573,960</u>	<u>12,046,589</u>
<b>Expenditures:</b>					
Current:					
General government:					
Personnel services	403,492	-	-	-	403,492
Operating	262,578	-	-	-	262,578
Physical environment:					
Personnel services	483,137	-	-	-	483,137
Operating	836,935	-	-	-	836,935
Capital outlay	737,456	-	2,443,501	1,127,525	4,308,482
Debt service:					
Principal	-	1,330,000	-	2,415,000	3,745,000
Interest	-	400,660	-	3,354,189	3,754,849
Other fiscal charges	<u>-</u>	<u>4,421</u>	<u>-</u>	<u>68,246</u>	<u>72,667</u>
Total expenditures	<u>2,723,598</u>	<u>1,735,081</u>	<u>2,443,501</u>	<u>6,964,960</u>	<u>13,867,140</u>
Excess (deficiency) of revenues over expenditures	<u>967,527</u>	<u>17,462</u>	<u>(2,414,540)</u>	<u>(391,000)</u>	<u>(1,820,551)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	99,697	-	-	167,434	267,131
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,131)</u>	<u>(267,131)</u>
Total other financing sources (uses)	<u>99,697</u>	<u>-</u>	<u>-</u>	<u>(99,697)</u>	<u>-</u>
Net change in fund balances	<u>1,067,224</u>	<u>17,462</u>	<u>(2,414,540)</u>	<u>(490,697)</u>	<u>(1,820,551)</u>
<b>Fund Balances, October 1, 2018</b>	<u>3,169,882</u>	<u>1,427,942</u>	<u>3,386,415</u>	<u>18,086,629</u>	<u>26,070,868</u>
<b>Fund Balances, September 30, 2019</b>	<u>\$ 4,237,106</u>	<u>\$ 1,445,404</u>	<u>\$ 971,875</u>	<u>\$ 17,595,932</u>	<u>\$ 24,250,317</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, 2019**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (1,820,551)

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	\$ 4,138,536	
Less: net book value of disposed capital assets	(3,159)	
Less: current year depreciation	<u>(4,199,517)</u>	(64,140)

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

Principal payments		3,745,000
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Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources.

Amortization of premium	\$ 29,521	
Amortization of deferred charge	(28,062)	
Change in accrued interest payable	(1,673,785)	
Change in compensated absences	27	
Change in net pension liability	(110,588)	
Change in deferred outflows related to pensions	(87,443)	
Change in deferred inflows related to pensions	7,143	
Change in OPEB obligation	1,548	
Change in deferred outflows related to OPEB	8,231	
Change in deferred inflows related to OPEB	<u>(29,994)</u>	<u>(1,883,402)</u>

**Change in Net Position of Governmental Activities** \$ (23,093)

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, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Special assessments	\$ 3,527,677	\$ 3,587,979	\$ 60,302
Permit fees	10,000	53,540	43,540
Investment earnings	100	15,440	15,340
Miscellaneous revenues	16,000	34,166	18,166
	<u>3,553,777</u>	<u>3,691,125</u>	<u>137,348</u>
<b>Expenditures:</b>			
Current:			
General government:			
Personnel	428,000	403,492	24,508
Operating	335,140	262,578	72,562
Physical environment:			
Personnel	666,000	483,137	182,863
Operating	1,395,000	836,935	558,065
Capital outlay	550,381	737,456	(187,075)
	<u>3,374,521</u>	<u>2,723,598</u>	<u>650,923</u>
Excess (deficiency) of revenues over expenditures	179,256	967,527	788,271
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	-	99,697	99,697
Reserved for first quarter operating	(179,256)	-	179,256
	<u>(179,256)</u>	<u>99,697</u>	<u>278,953</u>
Net change in fund balance	\$ <u>-</u>	1,067,224	\$ <u>1,067,224</u>
<b>Fund Balance, October 1, 2018</b>		<u>3,169,882</u>	
<b>Fund Balance, September 30, 2019</b>		<u>\$ 4,237,106</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, 2019**

	<u>Water and Sewer Fund</u>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 18,572,306
Investments	288,921
Accounts receivable	5,835,387
Due from other funds	489,134
Prepaid items	379,164
Restricted investments	7,307,890
Noncurrent assets:	
Advance to other fund	1,000,000
Capital assets:	
Depreciable (net)	99,308,536
Nondepreciable	9,279,803
	<u>142,461,141</u>
<b>Deferred Outflows of Resources:</b>	
Deferred outflows related to pensions	1,786,964
Deferred outflows related to OPEB	36,469
	<u>1,823,433</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	196,268
Accrued liabilities	226,815
Contracts payable	493,105
Due to developer	286,757
Customer deposits	904,234
Accrued interest	647,402
Compensated absences payable	13,359
Bonds payable	2,375,000
Noncurrent liabilities:	
Compensated absences payable	120,231
Other post-employment benefits liability	558,084
Net pension liability	3,453,122
Bonds payable	35,305,000
	<u>44,579,377</u>
<b>Deferred Inflows of Resources:</b>	
Deferred inflows related to pensions	240,861
Deferred inflows related to OPEB	132,892
	<u>373,753</u>
<b>Net Position:</b>	
Net investment in capital assets	70,908,339
Restricted for renewal and replacement	1,925,903
Restricted for debt service	5,381,987
Unrestricted	21,115,215
	<u>99,331,444</u>
Total net position	\$ <u>99,331,444</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, 2019**

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**Operating Revenues:**

Charges for services:	
Water	\$ 9,447,498
Sewer	7,041,221
Other utility fees	<u>1,357,280</u>
Total operating revenues	<u>17,845,999</u>

**Operating Expenses:**

Personnel services	5,353,605
Materials, supplies and services	6,144,742
Provision for depreciation	<u>4,120,390</u>
Total operating expenses	<u>15,618,737</u>
Operating income	<u>2,227,262</u>

**Nonoperating Revenues (Expenses):**

Interest earnings	222,267
Other revenues	133,501
Loss on disposal of capital assets	(81,437)
Interest expense and other fiscal charges	<u>(1,312,488)</u>
Total nonoperating revenue (expenses)	<u>(1,038,157)</u>
Income before capital contributions	1,189,105

**Contributions:**

Capital contributions	<u>2,117,635</u>
Total contributions	<u>2,117,635</u>
Change in net position	<u>3,306,740</u>

<b>Net Position, October 1, 2018</b>	<u>96,024,704</u>
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<b>Net Position, September 30, 2019</b>	<u>\$ <u>99,331,444</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

**North Springs Improvement District**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2019**

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<b>Cash Flows from Operating Activities:</b>	
Receipts from customers	\$ 20,256,775
Payments to suppliers for goods and services	(7,049,939)
Payments to employees for services	<u>(4,556,478)</u>
Net cash provided by operating activities	<u>8,650,358</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from other miscellaneous activities	<u>133,501</u>
Net cash provided by noncapital financing activities	<u>133,501</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital contributions	2,117,635
Proceeds from sale of capital assets	5,450
Interest and other charges	(1,409,606)
Bond principal payments	(2,305,000)
Purchase of capital assets	<u>(11,483,009)</u>
Net cash used in capital and related financing activities	<u>(13,074,530)</u>
<b>Cash Flows from Investing Activities:</b>	
Purchases and sales of investments, net	293,261
Interest received	<u>222,267</u>
Net cash provided by investing activities	<u>515,528</u>
Net decrease in cash and cash equivalents	(3,775,143)
<b>Cash and Cash Equivalents, October 1, 2018</b>	<u>22,347,449</u>
<b>Cash and Cash Equivalents, September 30, 2019</b>	<u>\$ 18,572,306</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, 2019**

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**Reconciliation of Operating Income to Net Cash**

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

Operating income	\$ 2,227,262
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Provision for depreciation	4,120,390
(Increase) decrease in assets:	
Accounts receivable	2,320,789
Due from other funds	(375,550)
Prepaid expenses	(280,458)
Deferred outflows related to pensions	349,771
Deferred outflows related to OPEB	(36,469)
Increase (decrease) in liabilities:	
Accounts payable	(36,583)
Accrued liabilities	(72,555)
Due to other funds	(197,632)
Due to developer	(14,974)
Customer deposits	89,987
Compensated absences	16,566
Net pension liability	442,352
Other post-employment benefits liability	(6,856)
Deferred inflows related to pensions	(28,574)
Deferred inflows related to OPEB	<u>132,892</u>
 Total adjustments	 <u>6,423,096</u>
 Net cash provided by (used in) operating activities	 \$ <u><u>8,650,358</u></u>

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

**Note 1 - Organization and Operations**

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

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

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

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

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

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

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

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

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures (expenses). Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.

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

The District reports the following major governmental funds:

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

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

**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.

The District reports the following major proprietary fund:

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

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

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

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

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

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

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

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

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

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

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

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

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

**Interfund Receivables and Payable:** Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds (i.e., amounts owed for goods/services rendered to a particular fund by another fund in the reporting entity) are reported as "due to/from other funds" (current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

**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.

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

The District has three 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. The third item is the deferred outflows related to OPEB and is discussed in further detail in Note 10.

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 two items that qualify for reporting in this category. The first item is deferred inflows related to pensions and is discussed in further detail in Note 9. The second item is deferred inflows related to OPEB and is discussed in further detail in Note 10.

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

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

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

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

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

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

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:

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 January 31, 2020, 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, 2019, 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.

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

At year end, the carrying amount of the District’s bank deposits was \$ 24,366,155 and the bank balance was \$ 24,672,399. In addition, the District had \$ 12,205 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, 2019 were as follows:

<u>Investment</u>	<u>Reported Amount - Fair Value or Amortized Cost</u>	<u>Maturity</u>
Money Market Mutual Funds	\$ 27,336,137	N/A
State Board of Administration: Florida Prime	<u>288,921</u>	Weighted average days to maturity is 37 days
Total	<u>\$ 27,625,058</u>	

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

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

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

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

Bond proceeds for capital outlay	\$ 13,293,025
Future debt service	<u>6,735,222</u>
Total restricted cash, cash equivalents and investments	<u>\$ 20,028,247</u>

**North Springs Improvement District**  
**Notes to Basic Financial Statements**  
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**Note 3 - Deposits and Investments (continued)**

The proprietary fund maintains investments restricted for the following purposes:

Future debt service	\$	5,381,987
Renewal and replacement of capital assets		<u>1,925,903</u>
 Total restricted cash, cash equivalents and investments	 \$	 <u><u>7,307,890</u></u>

**Note 4 - Capital Assets**

The following is a schedule of changes in capital assets during the year ended September 30, 2019:

	Balance October 1, 2018	Additions	Deletions	Transfers	Balance September 30, 2019
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 12,121,112	\$ -	\$ -	\$ -	\$ 12,121,112
Construction in progress	<u>18,359,721</u>	<u>4,091,564</u>	<u>-</u>	<u>(4,316,467)</u>	<u>18,134,818</u>
Total capital assets, not depreciated	<u>30,480,833</u>	<u>4,091,564</u>	<u>-</u>	<u>(4,316,467)</u>	<u>30,255,930</u>
Capital assets, being depreciated:					
Infrastructure	162,842,165	46,972	13,134	4,316,467	167,192,470
Buildings and improvements	3,611,631	-	-	-	3,611,631
Machinery and equipment	<u>1,217,226</u>	<u>-</u>	<u>45,447</u>	<u>-</u>	<u>1,171,779</u>
Total capital assets, being depreciated	<u>167,671,022</u>	<u>46,972</u>	<u>58,581</u>	<u>4,316,467</u>	<u>171,975,880</u>
Less accumulated depreciation for:					
Infrastructure	62,968,527	3,947,041	9,975	-	66,905,593
Buildings and improvements	2,043,124	126,068	-	-	2,169,192
Machinery and equipment	<u>759,236</u>	<u>126,408</u>	<u>45,447</u>	<u>-</u>	<u>840,197</u>
Total accumulated depreciation	<u>65,770,887</u>	<u>4,199,517</u>	<u>55,422</u>	<u>-</u>	<u>69,914,982</u>
Total capital assets depreciated, net	<u>101,900,135</u>	<u>(4,152,545)</u>	<u>3,159</u>	<u>4,316,467</u>	<u>102,060,898</u>
Governmental activities capital assets, net	<u>\$ 132,380,968</u>	<u>\$ (60,981)</u>	<u>\$ 3,159</u>	<u>\$ -</u>	<u>\$ 132,316,828</u>
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 181,585	\$ -	\$ -	\$ -	\$ 181,585
Easements	82,785	-	-	-	82,785
Construction in progress	<u>16,254,861</u>	<u>11,425,827</u>	<u>58,355</u>	<u>(18,606,900)</u>	<u>9,015,433</u>
Total capital assets, not depreciated	<u>16,519,231</u>	<u>11,425,827</u>	<u>58,355</u>	<u>(18,606,900)</u>	<u>9,279,803</u>

**North Springs Improvement District  
Notes to Basic Financial Statements  
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**Note 4 - Capital Assets (continued)**

Capital assets, being depreciated:					
Buildings and improvements	1,159,614	201,790	1,700	4,623,531	5,983,235
Infrastructure	121,032,838	38,111	69,966	7,347,389	128,348,372
Equipment	2,653,690	265,836	167,581	-	2,751,945
Meters in the field	<u>668,461</u>	<u>-</u>	<u>494,892</u>	<u>6,635,980</u>	<u>6,809,549</u>
Total capital assets, being depreciated	<u>125,514,603</u>	<u>505,737</u>	<u>734,139</u>	<u>18,606,900</u>	<u>143,893,101</u>
Less accumulated depreciation for:					
Buildings and improvements	251,141	344,351	1,190	-	594,302
Infrastructure	38,682,832	3,263,668	41,944	-	41,904,556
Equipment	1,705,316	242,733	167,581	-	1,780,468
Meters in the field	<u>530,493</u>	<u>269,638</u>	<u>494,892</u>	<u>-</u>	<u>305,239</u>
Total accumulated depreciation	<u>41,169,782</u>	<u>4,120,390</u>	<u>705,607</u>	<u>-</u>	<u>44,584,565</u>
Total capital assets depreciated, net	<u>84,344,821</u>	<u>(3,614,653)</u>	<u>28,532</u>	<u>18,606,900</u>	<u>99,308,536</u>
Business-type activities capital assets	\$ <u>100,864,052</u>	\$ <u>7,811,174</u>	\$ <u>86,887</u>	\$ <u>-</u>	\$ <u>108,588,339</u>

Depreciation expense is charged to the following functions:

Governmental activities	\$ <u>4,199,517</u>
Business-type activities	\$ <u>4,120,390</u>

The District has awarded various construction contracts. As of September 30, 2019, commitments on uncompleted construction contracts totaled approximately \$ 8,561,000.

**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, 2019:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019	Due Within One Year
Water management bonds	\$ 41,275,000	\$ -	\$ 930,000	\$ 40,345,000	\$ 960,000
Water management premium	462,079	-	15,403	446,676	-
Special assessment bonds	44,020,000	-	2,815,000	41,205,000	2,390,000
Special assessment premium	<u>282,368</u>	<u>-</u>	<u>14,118</u>	<u>268,250</u>	<u>-</u>
	\$ <u>86,039,447</u>	\$ <u>-</u>	\$ <u>3,774,521</u>	\$ <u>82,264,926</u>	\$ <u>3,350,000</u>

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

Water Management Bonds payable at September 30, 2019 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 \$ 650,000. The bonds are secured primarily from special assessments levied by the District.	3,450,000
\$ 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 \$ 310,000. The bonds are secured primarily from special assessments levied by the District.	6,340,000
\$ 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>\$ 40,345,000</u>

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2019**

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**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
2020	\$ 960,000	\$ 1,889,634	\$ 2,849,634
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	1,080,000	1,920,096	3,000,096
2025-2029	1,935,000	9,320,355	11,255,355
2030-2034	2,260,000	9,000,900	11,260,900
2035-2039	7,590,000	8,017,929	15,607,929
2040-2044	15,735,000	4,766,968	20,501,968
2045-2048	7,725,000	989,750	8,714,750
Total	\$ <u>40,345,000</u>	\$ <u>41,852,763</u>	\$ <u>82,197,763</u>

Special Assessment Bonds payable at September 30, 2019 are comprised of the following:

<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 \$ 225,000. The bonds are secured primarily from special assessments levied by the District.</p>	\$ 5,375,000
<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 \$ 160,000. The bonds are secured primarily from special assessments levied by the District.</p>	4,045,000
<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 \$ 1,370,000. The bonds are secured primarily from special assessments levied by the District.</p>	10,630,000
<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>	2,790,000
<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 \$ 295,000. The bonds are secured primarily from special assessments levied by the District.</p>	8,365,000

**North Springs Improvement District**  
**Notes to Basic Financial Statements**  
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**Note 5 - Long-Term Debt (continued)**

\$ 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 \$ 110,000. The bonds are secured primarily from special assessments levied by the District. 3,075,000

\$ 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 \$ 230,000. The bonds are secured primarily from special assessments levied by the District. 6,925,000

\$ 41,205,000

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 September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,390,000	\$ 1,864,703	\$ 4,254,703
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	3,205,000	1,427,696	4,632,696
2025-2029	11,755,000	5,351,723	17,106,723
2030-2034	9,415,000	2,979,822	12,394,822
2035-2038	<u>5,530,000</u>	<u>718,478</u>	<u>6,248,478</u>
Total	<u>\$ 41,205,000</u>	<u>\$ 17,302,993</u>	<u>\$ 58,507,993</u>

**Summary of significant bond covenants:** The following is a schedule of required reserve deposits as of September 30, 2019:

	<u>Reserve Requirement</u>	<u>Reserve Balance</u>
* Series 2014A-1 Special Assessment Bond	276,484	172,120
* Series 2014A-2 Water Management Bond	529,156	302,774
* Series 2014B-1 Special Assessment Bond	210,483	124,344
* Series 2014B-2 Water Management Bond	411,794	221,341
Series 2014 Water Management Bond	74,367	74,367
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	222,866
Series 2017 Special Assessment Bond	336,275	336,275
Series 2018 Water Management Bond	513,125	521,742
Series 2018 Special Assessment Bond	285,369	287,207
Series 2018 Special Assessment Bond	61,738	62,356

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

**North Springs Improvement District  
Notes to Basic Financial Statements  
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**Note 5 - Long-Term Debt (continued)**

The following is a summary of the long-term debt activity of the business-type activities for the year ended September 30, 2019:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019	Due Within One Year
Water and sewer revenue and refunding bonds	\$ <u>39,985,000</u>	\$ <u>-</u>	\$ <u>2,305,000</u>	\$ <u>37,680,000</u>	\$ <u>2,375,000</u>
Total bonds payable	\$ <u>39,985,000</u>	\$ <u>-</u>	\$ <u>2,305,000</u>	\$ <u>37,680,000</u>	\$ <u>2,375,000</u>

Water and Sewer Revenue Bonds payable at September 30, 2019 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 \$ 2,375,000. 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.

\$ 37,680,000  
\$ 37,680,000

The annual requirements to amortize the principal and interest of Water and Sewer Revenue Bonds payable as of September 30, 2019 are as follows:

Year Ending September 30,	Principal	Interest	Total
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	2,700,000	905,474	3,605,474
2025-2027	<u>25,000,000</u>	<u>1,853,094</u>	<u>26,853,094</u>
Total	\$ <u>37,680,000</u>	\$ <u>7,257,132</u>	\$ <u>44,937,132</u>

At September 30, 2019, 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.

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2019**

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**Note 6 - Interfund Transactions**

Interfund activity balances for the District as of and for the fiscal year ended September 30, 2019 are summarized as follows:

**Due to/from Other Funds:**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ -	\$ 470,795
213 Debt Service	-	567
214 Debt Service	-	567
215 Debt Service	-	667
216 Debt Service	-	567
217 Debt Service	-	33
220 Debt Service	-	3,933
223 Debt Service	-	3,536
318 Capital Projects	-	6,100
324 Capital Projects	-	2,369
Governmental totals	\$ -	\$ 489,134
Enterprise funds:		
Water and Sewer Fund	\$ 489,134	\$ -
Enterprise totals	\$ 489,134	\$ -
Totals	\$ 489,134	\$ 489,134

Amounts due from the General Fund mostly represent maintenance fee reimbursement to the Water and Sewer Fund. Amounts due from the Debt Service and Capital Projects funds represent monies owed for fees paid by the Water Sewer Fund. All balances are expected to be paid within 60 days after year end.

**Advances to/from Other Funds:**

	<u>Advance From</u>	<u>Advance To</u>
Governmental funds:		
220 Debt Service	\$ -	\$ 1,000,000
Governmental totals	\$ -	\$ 1,000,000
Enterprise funds:		
Water and Sewer Fund	\$ 1,000,000	\$ -
Enterprise totals	\$ 1,000,000	\$ -
Total long term balances	\$ 1,000,000	\$ 1,000,000

Advances from the Water and Sewer Fund to the 220 Debt Service represent deposits made for bond compliance. This amount is not expected to be repaid within one year.

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2019**

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

**Interfund Transfers:**

	Transfer In	Transfer Out
	<u>          </u>	<u>          </u>
Governmental funds:		
General Fund	\$ 99,697	\$ -
210 Debt Service Fund	-	41,554
213 Debt Service Fund	54,866	-
214 Debt Service Fund	55,885	-
215 Debt Service Fund	56,222	-
224 Debt Service Fund	66	-
225 Debt Service Fund	66	-
313 Capital Project Fund	-	54,866
314 Capital Project Fund	-	55,885
315 Capital Project Fund	-	56,222
316 Capital Project Fund	-	58,143
324 Capital Project Fund	329	66
325 Capital Project Fund	-	395
	<u>          </u>	<u>          </u>
Totals	\$ <u>267,131</u>	\$ <u>267,131</u>

The amounts transferred into the General Fund and out of the 210 Debt Service Fund and 316 Capital Project Fund are for tax revenue and other fiscal charges respectively. The remaining amounts transferred are to reallocate excess investment funds. There were no transfers in or out of the Water and Sewer Fund for the year ending September 30, 2019.

**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, 2018	Increase	(Decrease)	Balance September 30, 2019	Due Within One Year
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Compensated absences	\$ 34,357	\$ 1,060	\$ (1,087)	\$ 34,330	\$ 3,433
Total	\$ <u>34,357</u>	\$ <u>1,060</u>	\$ <u>(1,087)</u>	\$ <u>34,330</u>	\$ <u>3,433</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, 2018	Increase	(Decrease)	Balance September 30, 2019	Due Within One Year
Compensated absences	\$ 117,024	\$ 18,780	\$ (2,214)	\$ 133,590	\$ 13,359
Total	\$ 117,024	\$ 18,780	\$ (2,214)	\$ 133,590	\$ 13,359

**Note 8 - Defined Contribution Plans**

The employees of the District have the option of participating in the Florida Retirement System 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 \$ 61,800 to the Investment Plan for the year ended September 30, 2019.

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

**Note 9 - Florida Retirement System**

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

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

**Pension Plan**

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

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

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

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before 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, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular - 8.26% and 8.47%; Special Risk Administrative Support - 34.98% and 38.59%; Special Risk - 24.50% and 25.48%; Senior Management Service - 24.06% and 25.41%; Elected Officers' - 48.70% and 48.82%; and DROP participants - 14.03% and 14.60%. These employer contribution rates include 1.66% HIS Plan subsidy for both the periods October 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019.

**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, 2019, 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, 2019, the HIS contribution for the period October 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019 was 1.66% for both periods. The District contributed 100% of its statutorily required contributions for the current and preceding four 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, 2019, the District reported a liability of \$ 3,592,804 for its proportionate share of the Pension Plan's net pension liability and \$ 1,148,291 for the HIS Plan's net pension liability for a total pension liability of \$ 4,741,095. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. At June 30, 2019, the Districts proportion was .01043249 percent for the Pension Plan and .01026268 percent for the HIS Plan, which was an increase of .00027185 percent and a decrease of .00039216 percent respectively, from the proportionate share measured as of June 30, 2018.

For the year ended September 30, 2019, the District recognized pension expense of \$ 1,121,671 for the Pension plan and \$ 223,252 for the HIS plan for a total pension expense of \$ 1,344,923. At September 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2019**

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

Description	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ 213,099	\$ 13,947	\$ 227,046
Changes of assumptions	922,787	132,961	1,055,748
Net difference between project and actual earnings on pension plan investments	-	741	741
Changes in proportion and differences between District contributions and proportionate share of contributions	708,439	467,588	1,176,027
District contributions subsequent to the measurement date	<u>79,094</u>	<u>13,132</u>	<u>92,226</u>
Total	<u>\$ 1,923,419</u>	<u>\$ 628,369</u>	<u>\$ 2,551,788</u>

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ 2,230	\$ 1,406	\$ 3,636
Changes of assumptions	-	93,852	93,852
Net difference between project and actual earnings on pension plan investments	<u>198,772</u>	<u>35,037</u>	<u>233,809</u>
Total	<u>\$ 201,002</u>	<u>\$ 130,295</u>	<u>\$ 331,297</u>

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, 2019. 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
2020	\$ 581,118	\$ 156,509	\$ 737,627
2021	344,353	152,051	496,404
2022	396,887	143,964	540,851
2023	240,112	28,703	268,815
2024	65,477	1,621	67,098
Thereafter	15,376	2,094	17,470

**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.

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

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 2019 for the period July 1, 2013, through June 30, 2018. 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, 2019 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	6.90%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB2010 base table projected generationally with Scale MP-2018	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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate property	10%	6.7%	6.1%	11.7%
Private equity	11%	11.2%	8.4%	25.8%
Strategic investments	6%	5.9%	5.7%	6.7%
Total	<u>100%</u>			
Assumed Inflation - Mean			2.6%	1.7%

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

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90% 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.

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

The discount rate used to measure the total pension liability was 3.50% 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:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension liability for Pension Plan	\$ <u>6,210,762</u>	\$ <u>3,592,804</u>	\$ <u>1,406,366</u>
	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
District's proportionate share of the net pension liability for HIS Plan	\$ <u>1,310,833</u>	\$ <u>1,148,291</u>	\$ <u>1,012,912</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**

**Plan Description:** 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.

**Note 10 - Post-Employment Benefits (continued)**

**Funding Policy:** 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.

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>66</u>
Total plan members	<u><u>66</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, 2019 was based on an actuarial valuation dated October 1, 2017 with a measurement date of September 30, 2018 using the following actuarial assumptions:

Discount Rate	3.64%
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, 2017 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 2018 assumed to be 7.50%, 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

**Note 10 - Post-Employment Benefits (continued)**

**Discount Rate:** The discount rate used to measure the total OPEB liability at September 30, 2018 was 3.64%. 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.

**Total OPEB Liability of the District:** The components of the District’s net OPEB liability at September 30, 2019, are as follows:

Total OPEB liability	\$ 723,196
OPEB Plan fiduciary net position	<u>-</u>
District's net OPEB liability	<u>\$ 723,196</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, 2018

Total OPEB liability:	
Service cost	\$ 98,252
Interest on total OPEB liability	30,051
Demographic experience	(176,505)
Benefit payments	(8,639)
Assumption changes	<u>48,437</u>
Net change in total OPEB liability	(8,404)
Total OPEB liability, beginning	<u>731,600</u>
Total OPEB liability, ending	<u>\$ 723,196</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 3.64%, 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 (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	\$ <u>815,386</u>	\$ <u>723,196</u>	\$ <u>641,941</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:

**North Springs Improvement District  
Notes to Basic Financial Statements  
September 30, 2019**

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**Note 10 - Post-Employment Benefits (continued)**

	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>606,080</u>	\$ <u>723,196</u>	\$ <u>867,227</u>

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB:** For the year ended September 30, 2019, the District recognized OPEB expense of \$ 109,782. At September 30, 2019, the District has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ 44,700	\$ -
Demographic experience	<u>-</u>	<u>162,886</u>
Total	\$ <u>44,700</u>	\$ <u>162,886</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	
2020	\$ (9,882)
2021	(9,882)
2022	(9,882)
2023	(9,882)
2024	(9,882)
Thereafter	<u>(68,776)</u>
	\$ <u>(118,186)</u>

**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**

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.

REQUIRED SUPPLEMENTARY  
INFORMATION

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

<b>Fiscal Year:</b>	9/30/2019	9/30/2018
<b>Measurement Date:</b>	<u>9/30/2018</u>	<u>9/30/2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 98,252	\$ 72,330
Interest	30,051	23,889
Demographic experience	(176,505)	-
Benefit payments and refunds	(8,639)	(10,691)
Assumption changes	<u>48,437</u>	<u>-</u>
<b>Net change in total OPEB liability</b>	(8,404)	85,528
<b>Total OPEB liability - beginning</b>	731,600	646,072
<b>Total OPEB liability - ending</b>	\$ <u><u>723,196</u></u>	\$ <u><u>731,600</u></u>
<b>Covered Payroll</b>	\$ 3,310,583	\$ 2,929,916
<b>Total OPEB liability as a percentage of covered payroll</b>	21.8%	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)**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The District's proportion of the net pension liability	0.01043249%	0.01016063%	0.00936699%	0.00698971%
The District's proportionate share of the net pension liability	\$ 3,592,804	\$ 3,060,436	\$ 2,770,692	\$ 1,764,907
The District's covered-employee payroll	\$ 2,938,618	\$ 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	122.26%	100.61%	97.95%	70.27%
Plan fiduciary net position as a percentage of total pension liability	82.61%	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)**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The District's proportion of the net pension liability	0.01026268%	0.01065483%	0.01042309%	0.00942846%
The District's proportionate share of the net pension liability	\$ 1,148,291	\$ 1,127,719	\$ 1,114,485	\$ 1,098,848
The District's covered-employee payroll	\$ 3,442,235	\$ 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	33.36%	32.60%	33.55%	37.75%
Plan fiduciary net position as a percentage of total pension liability	2.63%	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)**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 291,939	\$ 262,736	\$ 230,724	\$ 181,314
Contributions in related to the contractually required contribution	<u>(291,939)</u>	<u>(262,736)</u>	<u>(230,724)</u>	<u>(181,314)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District's covered-employee payroll	\$ 2,938,618	\$ 3,041,839	\$ 2,934,026	\$ 2,726,099
Contributions as a percentage of covered payroll	9.93%	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)**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 57,141	\$ 57,423	\$ 56,791	\$ 52,491
Contributions in related to the contractually required contribution	<u>(57,141)</u>	<u>(57,423)</u>	<u>(56,791)</u>	<u>(52,491)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District's covered-employee payroll	\$ 3,442,235	\$ 3,459,191	\$ 3,421,121	\$ 3,161,389
Contributions as a percentage of covered payroll	1.66%	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)**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted annual rate of return, net of investment expenses	5.98%	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)**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted annual rate of return, net of investment expenses	5.98%	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.

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

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

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

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

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

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

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

**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.

**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.

**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.

North Springs Improvement District  
Combining Balance Sheet - Nonmajor Governmental Funds  
September 30, 2019

	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,011,385	\$ -	\$ 1,011,385
Restricted investments	<u>5,289,818</u>	<u>12,321,150</u>	<u>17,610,968</u>
Total assets	<u>\$ 6,301,203</u>	<u>\$ 12,321,150</u>	<u>\$ 18,622,353</u>
<b>Liabilities:</b>			
Accounts payable	\$ 8,082	\$ -	8,082
Due to other funds	9,870	8,469	18,339
Advance from other fund	<u>1,000,000</u>	<u>-</u>	<u>\$ 1,000,000</u>
Total liabilities	<u>1,017,952</u>	<u>8,469</u>	<u>1,026,421</u>
<b>Fund Balances:</b>			
Restricted for:			
Debt service	5,283,251	-	5,283,251
Capital projects	<u>-</u>	<u>12,312,681</u>	<u>12,312,681</u>
Total fund balances	<u>5,283,251</u>	<u>12,312,681</u>	<u>17,595,932</u>
Total liabilities and fund balances	<u>\$ 6,301,203</u>	<u>\$ 12,321,150</u>	<u>\$ 18,622,353</u>

**North Springs Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2019**

	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>			
Special assessments	\$ 6,228,274	\$ -	\$ 6,228,274
Investment earnings	119,239	225,947	345,186
Miscellaneous revenues	-	500	500
	<u>6,347,513</u>	<u>226,447</u>	<u>6,573,960</u>
<b>Expenditures:</b>			
Capital outlay	-	1,127,525	1,127,525
Debt service:			
Principal	2,415,000	-	2,415,000
Interest	3,354,189	-	3,354,189
Other fiscal charges	52,429	15,817	68,246
	<u>5,821,618</u>	<u>1,143,342</u>	<u>6,964,960</u>
Excess (deficiency) of revenues over expenditures	<u>525,895</u>	<u>(916,895)</u>	<u>(391,000)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other fund	167,105	329	167,434
Transfers to other fund	<u>(41,554)</u>	<u>(225,577)</u>	<u>(267,131)</u>
Total other financing sources (uses)	<u>125,551</u>	<u>(225,248)</u>	<u>(99,697)</u>
Net change in fund balances	<u>651,446</u>	<u>(1,142,143)</u>	<u>(490,697)</u>
<b>Fund Balances, October 1, 2018</b>	<u>4,631,805</u>	<u>13,454,824</u>	<u>18,086,629</u>
<b>Fund Balances, September 30, 2019</b>	<u>\$ 5,283,251</u>	<u>\$ 12,312,681</u>	<u>\$ 17,595,932</u>

**North Springs Improvement District**  
**Combining Balance Sheet - Nonmajor Debt Service Funds**  
**September 30, 2019**

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	<u>210</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>	<u>218</u> <u>Debt</u> <u>Service</u>
<b>Assets:</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted investments	<u>-</u>	<u>398,873</u>	<u>621,601</u>	<u>309,098</u>	<u>433,875</u>	<u>286,726</u>	<u>401,384</u>
Total assets	<u>\$ -</u>	<u>\$ 398,873</u>	<u>\$ 621,601</u>	<u>\$ 309,098</u>	<u>\$ 433,875</u>	<u>\$ 286,726</u>	<u>\$ 401,384</u>
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	567	567	667	567	33	-
Advance from other fund	<u>-</u>						
Total liabilities	<u>-</u>	<u>567</u>	<u>567</u>	<u>667</u>	<u>567</u>	<u>33</u>	<u>-</u>
<b>Fund Balances:</b>							
Restricted for:							
Debt service	<u>-</u>	<u>398,306</u>	<u>621,034</u>	<u>308,431</u>	<u>433,308</u>	<u>286,693</u>	<u>401,384</u>
Total fund balances	<u>-</u>	<u>398,306</u>	<u>621,034</u>	<u>308,431</u>	<u>433,308</u>	<u>286,693</u>	<u>401,384</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 398,873</u>	<u>\$ 621,601</u>	<u>\$ 309,098</u>	<u>\$ 433,875</u>	<u>\$ 286,726</u>	<u>\$ 401,384</u>

<b>220 Debt Service</b>	<b>221 Debt Service</b>	<b>222 Debt Service</b>	<b>223 Debt Service</b>	<b>224 Debt Service</b>	<b>225 Debt Service</b>	<b>Total Nonmajor Debt Service Funds</b>
\$ 1,011,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,011,385
<u>474,231</u>	<u>455,593</u>	<u>558,571</u>	<u>139,493</u>	<u>738,565</u>	<u>471,808</u>	<u>5,289,818</u>
<u>\$ 1,485,616</u>	<u>\$ 455,593</u>	<u>\$ 558,571</u>	<u>\$ 139,493</u>	<u>\$ 738,565</u>	<u>\$ 471,808</u>	<u>\$ 6,301,203</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,041	\$ 4,041	\$ 8,082
3,933	-	-	3,536	-	-	9,870
<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
<u>1,003,933</u>	<u>-</u>	<u>-</u>	<u>3,536</u>	<u>4,041</u>	<u>4,041</u>	<u>1,017,952</u>
<u>481,683</u>	<u>455,593</u>	<u>558,571</u>	<u>135,957</u>	<u>734,524</u>	<u>467,767</u>	<u>5,283,251</u>
<u>481,683</u>	<u>455,593</u>	<u>558,571</u>	<u>135,957</u>	<u>734,524</u>	<u>467,767</u>	<u>5,283,251</u>
<u>\$ 1,485,616</u>	<u>\$ 455,593</u>	<u>\$ 558,571</u>	<u>\$ 139,493</u>	<u>\$ 738,565</u>	<u>\$ 471,808</u>	<u>\$ 6,301,203</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, 2019**

	<b>210 Debt Service</b>	<b>213 Debt Service</b>	<b>214 Debt Service</b>	<b>215 Debt Service</b>	<b>216 Debt Service</b>	<b>217 Debt Service</b>	<b>218 Debt Service</b>
<b>Revenues:</b>							
Special assessments	\$ 197,845	\$ 556,599	\$ 513,118	\$ 419,632	\$ 411,596	\$ 754,638	\$ 512,972
Interest income	1,766	9,119	12,518	6,911	8,835	9,847	9,973
Total revenues	<u>199,611</u>	<u>565,718</u>	<u>525,636</u>	<u>426,543</u>	<u>420,431</u>	<u>764,485</u>	<u>522,945</u>
<b>Expenditures:</b>							
Debt service:							
Principal	185,000	215,000	-	160,000	-	630,000	300,000
Interest	8,328	343,200	505,050	263,444	398,163	122,032	205,840
Other fiscal charges	-	4,096	4,346	4,097	4,597	5,231	4,421
Total expenditures	<u>193,328</u>	<u>562,296</u>	<u>509,396</u>	<u>427,541</u>	<u>402,760</u>	<u>757,263</u>	<u>510,261</u>
Excess of revenues over (under) expenditures	<u>6,283</u>	<u>3,422</u>	<u>16,240</u>	<u>(998)</u>	<u>17,671</u>	<u>7,222</u>	<u>12,684</u>
<b>Other Financing Sources (Uses):</b>							
Transfers from other funds	-	54,866	55,885	56,222	-	-	-
Transfers to other funds	(41,554)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(41,554)</u>	<u>54,866</u>	<u>55,885</u>	<u>56,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(35,271)	58,288	72,125	55,224	17,671	7,222	12,684
<b>Fund Balances, October 1, 2018</b>	<u>35,271</u>	<u>340,018</u>	<u>548,909</u>	<u>253,207</u>	<u>415,637</u>	<u>279,471</u>	<u>388,700</u>
<b>Fund Balances, September 30, 2019</b>	<u>\$ -</u>	<u>\$ 398,306</u>	<u>\$ 621,034</u>	<u>\$ 308,431</u>	<u>\$ 433,308</u>	<u>\$ 286,693</u>	<u>\$ 401,384</u>

<b>220 Debt Service</b>	<b>221 Debt Service</b>	<b>222 Debt Service</b>	<b>223 Debt Service</b>	<b>224 Debt Service</b>	<b>225 Debt Service</b>	<b>Total Nonmajor Debt Service Funds</b>
\$ 500,116	\$ 446,076	\$ 688,873	\$ 251,123	\$ 414,740	\$ 560,946	\$ 6,228,274
13,350	9,217	12,892	3,543	12,260	9,008	119,239
<u>513,466</u>	<u>455,293</u>	<u>701,765</u>	<u>254,666</u>	<u>427,000</u>	<u>569,954</u>	<u>6,347,513</u>
315,000	-	285,000	105,000	-	220,000	2,415,000
84,078	435,500	391,125	142,950	250,911	203,568	3,354,189
3,983	4,417	4,417	4,741	4,042	4,041	52,429
<u>403,061</u>	<u>439,917</u>	<u>680,542</u>	<u>252,691</u>	<u>254,953</u>	<u>427,609</u>	<u>5,821,618</u>
<u>110,405</u>	<u>15,376</u>	<u>21,223</u>	<u>1,975</u>	<u>172,047</u>	<u>142,345</u>	<u>525,895</u>
-	-	-	-	66	66	167,105
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,554)</u>
-	-	-	-	66	66	125,551
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>66</u>	<u>125,551</u>
110,405	15,376	21,223	1,975	172,113	142,411	651,446
<u>371,278</u>	<u>440,217</u>	<u>537,348</u>	<u>133,982</u>	<u>562,411</u>	<u>325,356</u>	<u>4,631,805</u>
<u>\$ 481,683</u>	<u>\$ 455,593</u>	<u>\$ 558,571</u>	<u>\$ 135,957</u>	<u>\$ 734,524</u>	<u>\$ 467,767</u>	<u>\$ 5,283,251</u>

**North Springs Improvement District  
Combining Balance Sheet - Nonmajor Capital Projects Funds  
September 30, 2019**

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	<b>313 Capital Projects</b>	<b>314 Capital Projects</b>	<b>315 Capital Projects</b>	<b>316 Capital Projects</b>	<b>317 Capital Projects</b>	<b>318 Capital Projects</b>
<b>Assets:</b>						
Restricted investments	\$ 9	\$ 51	\$ 48	\$ 101	\$ 120,561	\$ 1,115,514
Total assets	<u>\$ 9</u>	<u>\$ 51</u>	<u>\$ 48</u>	<u>\$ 101</u>	<u>\$ 120,561</u>	<u>\$ 1,115,514</u>
<b>Liabilities:</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,100
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,100</u>
<b>Fund Balances:</b>						
Restricted for:						
Capital projects	<u>9</u>	<u>51</u>	<u>48</u>	<u>101</u>	<u>120,561</u>	<u>1,109,414</u>
Total fund balances	<u>9</u>	<u>51</u>	<u>48</u>	<u>101</u>	<u>120,561</u>	<u>1,109,414</u>
Total liabilities and fund balances	<u>\$ 9</u>	<u>\$ 51</u>	<u>\$ 48</u>	<u>\$ 101</u>	<u>\$ 120,561</u>	<u>\$ 1,115,514</u>

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<u>321 Capital Projects</u>	<u>323 Capital Projects</u>	<u>324 Capital Projects</u>	<u>325 Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 3,089,339	\$ 21,849	\$ 1,430,762	\$ 6,542,916	\$ 12,321,150
<u>\$ 3,089,339</u>	<u>\$ 21,849</u>	<u>\$ 1,430,762</u>	<u>\$ 6,542,916</u>	<u>\$ 1,236,284</u>
\$ -	\$ -	\$ 2,369	\$ -	\$ 8,469
<u>-</u>	<u>-</u>	<u>2,369</u>	<u>-</u>	<u>8,469</u>
<u>3,089,339</u>	<u>21,849</u>	<u>1,428,393</u>	<u>6,542,916</u>	<u>12,312,681</u>
<u>3,089,339</u>	<u>21,849</u>	<u>1,428,393</u>	<u>6,542,916</u>	<u>12,312,681</u>
<u>\$ 3,089,339</u>	<u>\$ 21,849</u>	<u>\$ 1,430,762</u>	<u>\$ 6,542,916</u>	<u>\$ 1,236,284</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, 2019**

	<b>313 Capital Projects</b>	<b>314 Capital Projects</b>	<b>315 Capital Projects</b>	<b>316 Capital Projects</b>	<b>317 Capital Projects</b>	<b>318 Capital Projects</b>
<b>Revenues:</b>						
Interest income	\$ 607	\$ 208	\$ 660	\$ 540	\$ 2,271	\$ 21,581
Miscellaneous revenues	-	-	-	500	-	-
Total revenues	<u>607</u>	<u>208</u>	<u>660</u>	<u>1,040</u>	<u>2,271</u>	<u>21,581</u>
<b>Expenditures:</b>						
Capital outlay	-	-	-	-	-	71,699
Other fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,699</u>
Excess of revenues over (under) expenditures	<u>607</u>	<u>208</u>	<u>660</u>	<u>1,040</u>	<u>2,271</u>	<u>(50,118)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers from other fund	-	-	-	-	-	-
Transfers to other fund	<u>(54,866)</u>	<u>(55,885)</u>	<u>(56,222)</u>	<u>(58,143)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(54,866)</u>	<u>(55,885)</u>	<u>(56,222)</u>	<u>(58,143)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(54,259)	(55,677)	(55,562)	(57,103)	2,271	(50,118)
<b>Fund Balances, October 1, 2018</b>	<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>
<b>Fund Balances, September 30, 2019</b>	<u>\$ 9</u>	<u>\$ 51</u>	<u>\$ 48</u>	<u>\$ 101</u>	<u>\$ 120,561</u>	<u>\$ 1,109,414</u>

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<b>321 Capital Projects</b>	<b>323 Capital Projects</b>	<b>324 Capital Projects</b>	<b>325 Capital Projects</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 58,199	\$ 9,845	\$ 23,948	\$ 108,088	\$ 225,947
-	-	-	-	500
<u>58,199</u>	<u>9,845</u>	<u>23,948</u>	<u>108,088</u>	<u>226,447</u>
760	1,055,066	-	-	1,127,525
-	-	10,971	4,846	15,817
<u>760</u>	<u>1,055,066</u>	<u>10,971</u>	<u>4,846</u>	<u>1,143,342</u>
<u>57,439</u>	<u>(1,045,221)</u>	<u>12,977</u>	<u>103,242</u>	<u>(916,895)</u>
-	-	329	-	329
-	-	(66)	(395)	(225,577)
<u>-</u>	<u>-</u>	<u>263</u>	<u>(395)</u>	<u>(225,248)</u>
57,439	(1,045,221)	13,240	102,847	(1,142,143)
<u>3,031,900</u>	<u>1,067,070</u>	<u>1,415,153</u>	<u>6,440,069</u>	<u>13,454,824</u>
<u>\$ 3,089,339</u>	<u>\$ 21,849</u>	<u>\$ 1,428,393</u>	<u>\$ 6,542,916</u>	<u>\$ 12,312,681</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

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, 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2020.

**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  
January 31, 2020

## INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

The Board of Supervisors  
North Springs Improvement District

### 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, 2019, and have issued our report thereon dated January 31, 2020.

### 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 January 31, 2020, 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  
January 31, 2020

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

The Board of Supervisors  
North Springs Improvement District

We have examined North Springs 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, 2019. 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, 2019.

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  
January 31, 2020