

North Springs Improvement District

Basic Financial Statements
For the Year Ended September 30, 2016

North Springs Improvement District

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of September 30, 2016, 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.

As discussed in Note 9, the Florida Retirement System's consulting actuary noted that the reduced investment return assumption adopted by the Florida Retirement System Actuarial Assumption Conference conflicts with the actuary's judgment of a reasonable assumption as defined by Actuarial Standard of Practice No. 27. Our opinion is not modified with respect to this matter.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 13, 2017

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, 2016:

- The District's total assets exceeded total liabilities by \$ 141,953,945 (net position). Unrestricted net position (deficit) for governmental activities was \$ (238,256). Unrestricted net position for business-type activities was \$ 3,027,579.
- Governmental activities revenues totaled \$ 10,943,900 while governmental activities expenses totaled \$ 9,909,575. Business-type revenues totaled \$ 21,286,609 while business-type expenses totaled \$ 12,632,850.

Overview of the Financial Statements

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The government-wide financial statements present an overall picture of the District's financial position and results of operations. The fund financial statements present financial information for the District's major funds. The notes to basic financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund financial statements.

Government-Wide Financial Statements: The Government-wide financial statements are the statement of net position and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by property tax assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer services.

The statement of net position presents information on all assets and liabilities of the District, with the difference between assets, deferred inflows/outflows of resources and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The statement of activities presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program. Revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include physical environment and general government. Business-type activities financed by user charges include water and sewer services.

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

Fund financial statements include a balance sheet and a statement of revenues, expenditures and change in fund balance for the governmental funds. A statement of revenues, expenditures, and change in fund balance - budget and actual, is provided for the District's General Fund. For proprietary funds, a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows are presented. Fund financial statements provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses and to comply with legal requirements.

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

Notes to the Basic Financial Statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 45 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 46 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, 2016**

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, 2016 and 2015:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 2,264,424	\$ 1,794,715	\$ 11,464,091	\$ 15,219,906	\$ 13,728,515	\$ 17,014,621
Restricted assets	7,337,581	11,697,154	7,248,751	7,428,673	14,586,332	19,125,827
Capital assets (net)	<u>120,177,672</u>	<u>120,515,369</u>	<u>100,086,813</u>	<u>92,133,118</u>	<u>220,264,485</u>	<u>212,648,487</u>
Total assets	<u>129,779,677</u>	<u>134,007,238</u>	<u>118,799,655</u>	<u>114,781,697</u>	<u>248,579,332</u>	<u>248,788,935</u>
Total deferred outflows of resources	<u>996,727</u>	<u>216,242</u>	<u>1,801,636</u>	<u>172,509</u>	<u>2,798,363</u>	<u>388,751</u>
Liabilities:						
Current liabilities	4,818,880	5,147,583	5,338,344	8,293,644	10,157,224	13,441,227
Noncurrent liabilities	<u>54,517,816</u>	<u>58,675,954</u>	<u>44,729,775</u>	<u>44,794,644</u>	<u>99,247,591</u>	<u>103,470,598</u>
Total liabilities	<u>59,336,696</u>	<u>63,823,537</u>	<u>50,068,119</u>	<u>53,088,288</u>	<u>109,404,815</u>	<u>116,911,825</u>
Total deferred inflows of resources	<u>5,440</u>	<u>-</u>	<u>13,495</u>	<u>-</u>	<u>18,935</u>	<u>-</u>
Net position:						
Net investment in capital assets	70,819,755	70,435,394	62,955,564	53,807,374	133,775,319	124,242,768
Restricted	852,769	-	4,536,534	3,762,259	5,389,303	3,762,259
Unrestricted (deficit)	<u>(238,256)</u>	<u>(35,451)</u>	<u>3,027,579</u>	<u>4,296,285</u>	<u>2,789,323</u>	<u>4,260,834</u>
Total net position	<u>\$ 71,434,268</u>	<u>\$ 70,399,943</u>	<u>\$ 70,519,677</u>	<u>\$ 61,865,918</u>	<u>\$ 141,953,945</u>	<u>\$ 132,265,861</u>

Governmental and Business-Type Activities: Governmental activities increased the District's net position by \$ 1,034,325, while business-type activities increased the District's net position by \$ 8,653,759, as reflected in the table below:

**North Springs Improvement District
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Charges for services	\$ -	\$ -	\$ 15,911,615	\$ 14,078,428	\$ 15,911,615	\$ 14,078,428
Capital grants and contributions	-	-	5,348,383	4,723,526	5,348,383	4,723,526
Taxes:						
Assessments	10,652,124	10,557,162	-	-	10,652,124	10,557,162
Miscellaneous	<u>287,700</u>	<u>114,980</u>	<u>23,282</u>	<u>84,486</u>	<u>310,982</u>	<u>199,466</u>
Total revenues	<u>10,939,824</u>	<u>10,672,142</u>	<u>21,283,280</u>	<u>18,886,440</u>	<u>32,223,104</u>	<u>29,558,582</u>

**North Springs Improvement District
Management's Discussion and Analysis
September 30, 2016**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Expenses:						
General government	1,032,726	1,001,986	-	-	1,032,726	1,001,986
Physical environment	1,900,586	1,916,999	-	-	1,900,586	1,916,999
Water and sewer	-	-	8,677,783	8,646,588	8,677,783	8,646,588
Provisions for depreciation	3,574,820	3,535,544	2,343,513	2,199,601	5,918,333	5,735,145
Interest expense and other fiscal charges	3,401,443	3,919,318	1,607,948	1,621,606	5,009,391	5,540,924
Total expenses	<u>9,909,575</u>	<u>10,373,847</u>	<u>12,629,244</u>	<u>12,467,795</u>	<u>22,538,819</u>	<u>22,841,642</u>
Change in net position before other income (expense)	<u>1,030,249</u>	<u>298,295</u>	<u>8,654,036</u>	<u>6,418,645</u>	<u>9,684,285</u>	<u>6,716,940</u>
Other income (expense):						
Interest income	4,076	3,004	3,329	1,478	7,405	4,482
Loss on disposal of property	-	-	(3,606)	-	(3,606)	-
Unrealized gain on investments	-	500	-	34,116	-	34,616
Total other income (expense)	<u>4,076</u>	<u>3,504</u>	<u>(277)</u>	<u>35,594</u>	<u>3,799</u>	<u>39,098</u>
Change in net position	1,034,325	301,799	8,653,759	6,454,239	9,688,084	6,756,038
Net position, beginning of the year	<u>70,399,943</u>	<u>70,098,144</u>	<u>61,865,918</u>	<u>55,411,679</u>	<u>132,265,861</u>	<u>125,509,823</u>
Net position, end of the year	<u>\$ 71,434,268</u>	<u>\$ 70,399,943</u>	<u>\$ 70,519,677</u>	<u>\$ 61,865,918</u>	<u>\$ 141,953,945</u>	<u>\$ 132,265,861</u>

Analysis of the Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 9,270,885.

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, 2016 amounts to \$ 120,177,672 and \$ 100,086,813, 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 \$ 56,965,871 and the District's business activities had debt outstanding of \$ 44,380,000.

Additional information on the District's debt can be found in Note 5 on pages 29 through 34 of this report.

General Fund Budgetary Highlights

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

Economic Factors and Next Year's Utility Rates

The 2017 General Fund's budgeted expenditures increased by approximately \$ 694,000. The increase is mainly due to increases in repairs and maintenance and capital outlay. The 2017 Water and Sewer Fund's budgeted expenses increased by approximately \$ 597,000. The increase is due to an increase in utility wastewater treatment. The District did not increase the utility rates for 2017.

Requests for Information

This financial report is designed to provide a general overview of North Springs Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the North Springs Improvement District, 9700 NW 52nd Street, Coral Springs, Florida 33076.

BASIC
FINANCIAL STATEMENTS

North Springs Improvement District
Statement of Net Position
September 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,464,577	\$ 7,538,014	\$ 11,002,591
Investments	-	273,459	273,459
Accounts receivable	-	2,290,127	2,290,127
Internal balances	(1,224,928)	1,224,928	-
Prepaid expenses	24,775	137,563	162,338
Restricted investments	7,337,581	7,248,751	14,586,332
Noncurrent assets:			
Capital assets:			
Depreciable (net)	86,627,400	52,838,112	139,465,512
Nondepreciable	33,550,272	47,248,701	80,798,973
Total assets	<u>129,779,677</u>	<u>118,799,655</u>	<u>248,579,332</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	270,373	-	270,373
Deferred outflows related to pensions	726,354	1,801,636	2,527,990
Total deferred outflows of resources	<u>996,727</u>	<u>1,801,636</u>	<u>2,798,363</u>
Liabilities:			
Current liabilities:			
Accounts payable	210,677	67,778	278,455
Accrued liabilities	31,785	200,209	231,994
Contracts payable	-	856,735	856,735
Customer deposits	88,658	696,609	785,267
Due to developer	-	618,742	618,742
Accrued interest	1,064,574	728,683	1,793,257
Bonds payable	3,420,000	2,160,000	5,580,000
Compensated absences payable	3,186	9,588	12,774
Noncurrent liabilities:			
Compensated absences payable	28,674	86,291	114,965
Net OPEB obligation	120,444	382,556	503,000
Net pension liability	822,827	2,040,928	2,863,755
Bonds payable	53,545,871	42,220,000	95,765,871
Total liabilities	<u>59,336,696</u>	<u>50,068,119</u>	<u>109,404,815</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	5,440	13,495	18,935
Net Position:			
Net investment in capital assets	70,819,755	62,955,564	133,775,319
Restricted for:			
Renewal and replacement	-	1,576,297	1,576,297
Debt service	852,769	2,960,237	3,813,006
Unrestricted (deficit)	(238,256)	3,027,579	2,789,323
Total net position	<u>\$ 71,434,268</u>	<u>\$ 70,519,677</u>	<u>\$ 141,953,945</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, 2016**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 1,032,726	\$ -	\$ -	\$ -	\$ (1,032,726)	\$ -	\$ (1,032,726)
Physical environment	1,900,586	-	-	-	(1,900,586)	-	(1,900,586)
Provision for depreciation	3,574,820	-	-	-	(3,574,820)	-	(3,574,820)
Interest expense and other fiscal charges	3,401,443	-	-	-	(3,401,443)	-	(3,401,443)
Total governmental activities	<u>9,909,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,909,575)</u>	<u>-</u>	<u>(9,909,575)</u>
Business-type activities:							
Personnel services	3,777,135	-	-	-	-	(3,777,135)	(3,777,135)
Materials, supplies and services	4,900,648	15,911,615	-	5,348,383	-	16,359,350	16,359,350
Provision for depreciation	2,343,513	-	-	-	-	(2,343,513)	(2,343,513)
Interest expense and other fiscal charges	1,607,948	-	-	-	-	(1,607,948)	(1,607,948)
Total business-type activities	<u>12,629,244</u>	<u>15,911,615</u>	<u>-</u>	<u>5,348,383</u>	<u>-</u>	<u>8,630,754</u>	<u>8,630,754</u>
Total primary government	<u>\$ 22,538,819</u>	<u>\$ 15,911,615</u>	<u>\$ -</u>	<u>\$ 5,348,383</u>	<u>(9,909,575)</u>	<u>8,630,754</u>	<u>(1,278,821)</u>
General revenues:							
Special assessments					10,652,124	-	10,652,124
Investment earnings					4,076	3,329	7,405
Miscellaneous					287,700	23,282	310,982
Loss on disposal of property					-	(3,606)	(3,606)
Total general revenues					<u>10,943,900</u>	<u>23,005</u>	<u>10,966,905</u>
Change in net position					1,034,325	8,653,759	9,688,084
Net position, October 1, 2015					<u>70,399,943</u>	<u>61,865,918</u>	<u>132,265,861</u>
Net position, September 30, 2016					<u>\$ 71,434,268</u>	<u>\$ 70,519,677</u>	<u>\$ 141,953,945</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, 2016**

	<u>General</u>	<u>219 Debt Service</u>	<u>316 Capital Projects</u>
Assets:			
Cash and cash equivalents	\$ 2,463,750	\$ -	\$ -
Prepaid expenditures	24,775	-	-
Due from other funds	5,804	-	-
Restricted investments	<u>-</u>	<u>1,397,143</u>	<u>59,940</u>
Total assets	<u>\$ 2,494,329</u>	<u>\$ 1,397,143</u>	<u>\$ 59,940</u>
Liabilities:			
Accounts payable	\$ 37,168	\$ -	\$ -
Accrued liabilities	31,785	-	-
Customer deposits	88,658	-	-
Due to other funds	<u>398,811</u>	<u>-</u>	<u>500</u>
Total liabilities	<u>556,422</u>	<u>-</u>	<u>500</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	24,775	-	-
Restricted for:			
Debt service	-	1,397,143	-
Capital projects	-	-	59,440
Assigned to:			
First quarter operating reserves	538,455	-	-
Unassigned	<u>1,374,677</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,937,907</u>	<u>1,397,143</u>	<u>59,440</u>
Total liabilities and fund balances	<u>\$ 2,494,329</u>	<u>\$ 1,397,143</u>	<u>\$ 59,940</u>

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

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,000,827	\$ 3,464,577
-	24,775
170,500	176,304
<u>5,880,498</u>	<u>7,337,581</u>
\$ <u>7,051,825</u>	\$ <u>11,003,237</u>
\$ 173,509	\$ 210,677
-	31,785
-	88,658
<u>1,001,921</u>	<u>1,401,232</u>
<u>1,175,430</u>	<u>1,732,352</u>
-	24,775
2,906,650	4,303,793
2,969,745	3,029,185
-	538,455
-	<u>1,374,677</u>
<u>5,876,395</u>	<u>9,270,885</u>
\$ <u>7,051,825</u>	\$ <u>11,003,237</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, 2016**

Fund Balances - Total Governmental Funds \$ 9,270,885

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	\$ 178,256,411	
Accumulated depreciation	<u>(58,078,739)</u>	120,177,672

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

Net pension liability	(822,827)
Deferred inflows related to pensions	(5,440)
Deferred outflows related to pensions	726,354

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

Bonds payable	(56,965,871)	
Deferred charge on refunding	270,373	
Accrued interest payable on long term debt	(1,064,574)	
OPEB obligation	(120,444)	
Compensated absences	<u>(31,860)</u>	<u>(57,912,376)</u>

Net Position of Governmental Activities \$ 71,434,268

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, 2016

	<u>General</u>	<u>219 Debt Service</u>	<u>316 Capital Projects</u>
Revenues:			
Special assessments	\$ 3,812,057	\$ 291,068	\$ -
Permit fees	121,369	-	-
Investment earnings	450	2,202	59
Miscellaneous revenues	166,331	-	-
	<u>4,100,207</u>	<u>293,270</u>	<u>59</u>
Expenditures:			
Current:			
General government:			
Personnel services	731,180	-	-
Operating	229,013	-	-
Physical environment:			
Personnel services	535,543	-	-
Operating	1,292,398	-	-
Capital outlay	528,667	-	1,369,200
Debt service:			
Principal	-	980,000	-
Interest	-	332,565	-
Bond issuance costs and other fiscal charges	-	-	-
	<u>3,316,801</u>	<u>1,312,565</u>	<u>1,369,200</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>783,406</u>	<u>(1,019,295)</u>	<u>(1,369,141)</u>
Other Financing Sources (Uses):			
Operating transfers in	-	3,983,280	-
Operating transfers out	-	-	-
Payment to refunded bond escrow agent	-	(16,745,194)	-
Issuance of bonds	-	15,178,352	-
	<u>-</u>	<u>2,416,438</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	<u>783,406</u>	<u>1,397,143</u>	<u>(1,369,141)</u>
Fund Balances, October 1, 2015	<u>1,154,501</u>	<u>-</u>	<u>1,428,581</u>
Fund Balances, September 30, 2016	<u>\$ 1,937,907</u>	<u>\$ 1,397,143</u>	<u>\$ 59,440</u>

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

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,548,999	\$ 10,652,124
-	121,369
1,365	4,076
-	166,331
<u>6,550,364</u>	<u>10,943,900</u>
-	731,180
-	229,013
-	535,543
-	1,292,398
1,352,805	3,250,672
2,215,000	3,195,000
2,724,748	3,057,313
<u>504,351</u>	<u>504,351</u>
<u>6,796,904</u>	<u>12,795,470</u>
<u>(246,540)</u>	<u>(1,851,570)</u>
3,243,553	7,226,833
(7,226,833)	(7,226,833)
(4,619,871)	(21,365,065)
4,446,648	19,625,000
<u>(4,156,503)</u>	<u>(1,740,065)</u>
<u>(4,403,043)</u>	<u>(3,591,635)</u>
<u>10,279,438</u>	<u>12,862,520</u>
\$ <u><u>5,876,395</u></u>	\$ <u><u>9,270,885</u></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, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ (3,591,635)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay	\$ 3,237,123	
Current year depreciation	<u>(3,574,820)</u>	(337,697)

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	3,195,000	
Payments to escrow agents	21,365,065	
Issuance of bonds	<u>(19,625,000)</u>	4,935,065

Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources.

Amortization of deferred charge	(31,649)	
Amortization of discount	(19,457)	
Change in accrued interest payable	211,327	
Change in OPEB obligation	(11,903)	
Change in compensated absences	(8,528)	
Change in net pension liability	(822,827)	
Change in deferred outflows related to pensions	717,069	
Change in deferred inflows related to pensions	<u>(5,440)</u>	<u>28,592</u>

Change in Net Position of Governmental Activities \$ 1,034,325

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, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 3,749,551	\$ 3,812,057	\$ 62,506
Permit fees	5,000	121,369	116,369
Investment earnings	-	450	450
Miscellaneous revenues	91,400	166,331	74,931
Total revenues	<u>3,845,951</u>	<u>4,100,207</u>	<u>254,256</u>
Expenditures:			
Current:			
General government:			
Personnel	811,513	731,180	80,333
Operating	208,700	229,013	(20,313)
Physical environment:			
Personnel	498,180	535,543	(37,363)
Operating	1,640,500	1,292,398	348,102
Capital outlay	548,583	528,667	19,916
Total expenditures	<u>3,707,476</u>	<u>3,316,801</u>	<u>390,675</u>
Excess (deficiency) of revenues over expenditures	138,475	783,406	644,931
Other Financing Sources (Uses):			
Reserved for first quarter operating	<u>(138,475)</u>	<u>-</u>	<u>138,475</u>
Total other financing sources (uses)	(138,475)	-	138,475
Net change in fund balance	-	783,406	783,406
Fund Balance, October 1, 2015	<u>-</u>	<u>1,154,501</u>	<u>1,154,501</u>
Fund Balance, September 30, 2016	<u>\$ -</u>	<u>\$ 1,937,907</u>	<u>\$ 1,937,907</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, 2016

Assets:

Current assets:		
Cash and cash equivalents	\$	7,538,014
Investments		273,459
Accounts receivable		2,290,127
Due from other funds		1,395,428
Prepaid expenses		137,563
Restricted investments		7,248,751
Noncurrent assets:		
Capital assets:		
Depreciable (net)		52,838,112
Nondepreciable		47,248,701
		<hr/>
Total assets		118,970,155

Deferred Outflows of Resources:

Deferred outflows related to pensions		1,801,636
		<hr/>

Liabilities:

Current liabilities:		
Accounts payable		67,778
Accrued liabilities		200,209
Contracts payable		856,735
Due to developer		618,742
Customer deposits		696,609
Accrued interest		728,683
Due to other funds		170,500
Compensated absences payable		9,588
Bonds payable		2,160,000
Noncurrent liabilities:		
Compensated absences payable		86,291
Net OPEB obligation		382,556
Net pension liability		2,040,928
Bonds payable		42,220,000
		<hr/>
Total liabilities		50,238,619

Deferred Inflows of Resources:

Deferred inflows related to pensions		13,495
		<hr/>

Net Position:

Net investment in capital assets		62,955,564
Restricted for renewal and replacement		1,576,297
Restricted for debt service		2,960,237
Unrestricted		3,027,579
		<hr/>
Total net position	\$	70,519,677
		<hr/> <hr/>

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, 2016**

Operating Revenues:

Charges for services:	
Water	\$ 8,609,839
Sewer	5,999,551
Other utility fees	<u>1,302,225</u>
Total operating revenues	<u>15,911,615</u>

Operating Expenses:

Personnel services	3,777,135
Materials, supplies and services	4,900,648
Provisions for depreciation	<u>2,343,513</u>
Total operating expenses	<u>11,021,296</u>

Operating income	<u>4,890,319</u>
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Nonoperating Revenues (Expenses):

Other revenues	23,282
Loss on disposal of property	(3,606)
Interest earnings	3,329
Interest expense and other fiscal charges	<u>(1,607,948)</u>
Total nonoperating revenue (expenses)	<u>(1,584,943)</u>

Income before capital contributions	3,305,376
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Contributions:

Capital contributions	<u>5,348,383</u>
Total contributions	<u>5,348,383</u>

Change in net position	<u>8,653,759</u>
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Net Position, October 1, 2015	<u>61,865,918</u>
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Net Position, September 30, 2016	<u>\$ <u>70,519,677</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, 2016

Cash Flows from Operating Activities:	
Receipts from customers	\$ 15,607,961
Payments to suppliers for goods and services	(6,717,119)
Payments to employees for services	<u>(5,104,355)</u>
Net cash provided by (used in) operating activities	<u>3,786,487</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from grants and other miscellaneous activities	<u>23,282</u>
Net cash provided by (used in) noncapital financing activities	<u>23,282</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(11,400,738)
Bond principal payments	(1,525,000)
Deferred amount on refunding	150,583
Capital contributions	5,348,383
Interest and other charges	<u>(1,632,987)</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,059,759)</u>
Cash Flows from Investing Activities:	
Purchases and sales of investments, net	154,695
Interest received	<u>3,329</u>
Net cash provided by (used in) investing activities	<u>158,024</u>
Net increase (decrease) in cash and cash equivalents	(5,091,966)
Cash and Cash Equivalents, October 1, 2015	<u>12,629,980</u>
Cash and Cash Equivalents, September 30, 2016	<u>\$ <u>7,538,014</u></u>

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

North Springs Improvement District
Statement of Cash Flows
Proprietary Funds
(continued)
For the Year Ended September 30, 2016

Reconciliation of Operating Income to Net

Cash Provided by (Used in) Operating Activities:

Operating income	\$ 4,890,319
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Provision for depreciation	2,343,513
(Increase) decrease in assets:	
Accounts receivable	(394,430)
Prepaid expenses	(8,111)
Due from other funds	(1,033,610)
Deferred outflows related to pensions	(1,779,710)
Increase (decrease) in liabilities:	
Accounts payable	(54,925)
Accrued liabilities	(1,656,815)
Due to other funds	125,227
Due to developer	(845,052)
Customer deposits	90,776
Deferred inflows related to pensions	2,040,928
Net pension liability	13,495
Net OPEB obligation	48,097
Compensated absences	6,785
	<u> </u>
Total adjustments	<u>(1,103,832)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,786,487</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.

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

The District reports the following major proprietary fund:

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

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Encumbrances: The District does not utilize encumbrance accounting.

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

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

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

Current Fiscal Year:

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

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

Date of management review: Subsequent events were evaluated by management through March 13, 2017, 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, 2016, all deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits was \$ 11,002,291 and the bank balance was \$ 11,216,500. In addition, the District had \$ 300 in petty cash.

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

Note 3 - Deposits and Investments (continued)

Investments as of September 30, 2016 were as follows:

Investment	Reported Amount - Fair Value or Amortized Cost	Maturity
Money Market Mutual Funds	\$ 14,586,332	N/A
State Board of Administration: Florida Prime	273,459	Weighted average days to maturity is 50 days
Total	\$ 14,859,791	

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	\$ 3,034,194
Future debt service	4,303,387
Total restricted cash, cash equivalents and investments	\$ 7,337,581

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 556,954
Future debt service	5,115,500
Renewal and replacement of capital assets	1,576,297
Total restricted cash, cash equivalents and investments	\$ 7,248,751

North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2016

Note 4 - Capital Assets

The following is a schedule of changes in capital assets during the year ended September 30, 2016:

	Balance October 1, 2015	Additions	Deletions	Transfers	Balance September 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 12,243,726	\$ -	\$ -	\$ -	\$ 12,243,726
Construction in progress	<u>18,597,115</u>	<u>2,709,431</u>	<u>-</u>	<u>-</u>	<u>21,306,546</u>
Total capital assets, not depreciated	<u>30,840,841</u>	<u>2,709,431</u>	<u>-</u>	<u>-</u>	<u>33,550,272</u>
Capital assets, being depreciated:					
Infrastructure	139,863,947	499,740	-	-	140,363,687
Buildings and improvements	3,618,942	-	-	-	3,618,942
Machinery and equipment	<u>695,558</u>	<u>27,952</u>	<u>-</u>	<u>-</u>	<u>723,510</u>
Total capital assets, being depreciated	<u>144,178,447</u>	<u>527,692</u>	<u>-</u>	<u>-</u>	<u>144,706,139</u>
Less accumulated depreciation for:					
Infrastructure	52,290,245	3,387,166	-	-	55,677,411
Buildings and improvements	1,667,244	126,432	-	-	1,793,676
Machinery and equipment	<u>546,430</u>	<u>61,222</u>	<u>-</u>	<u>-</u>	<u>607,652</u>
Total accumulated depreciation	<u>54,503,919</u>	<u>3,574,820</u>	<u>-</u>	<u>-</u>	<u>58,078,739</u>
Total capital assets depreciated, net	<u>89,674,528</u>	<u>(3,047,128)</u>	<u>-</u>	<u>-</u>	<u>86,627,400</u>
Governmental activities capital assets, net	<u>\$ 120,515,369</u>	<u>\$ (337,697)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,177,672</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,770,294	\$ -	\$ -	\$ -	\$ 2,770,294
Easements	82,785	-	-	-	82,785
Construction in progress	<u>39,255,461</u>	<u>9,865,436</u>	<u>-</u>	<u>(4,725,275)</u>	<u>44,395,622</u>
Total capital assets, not depreciated	<u>42,108,540</u>	<u>9,865,436</u>	<u>-</u>	<u>(4,725,275)</u>	<u>47,248,701</u>
Capital assets, being depreciated:					
Buildings and improvements	731,707	29,299	-	-	761,006
Infrastructure	80,119,038	179,000	-	4,725,275	85,023,313
Equipment	2,250,681	81,028	(11,389)	-	2,320,320
Meters in the field	<u>521,461</u>	<u>147,000</u>	<u>-</u>	<u>-</u>	<u>668,461</u>
Total capital assets, being depreciated	<u>83,622,887</u>	<u>436,327</u>	<u>(11,389)</u>	<u>4,725,275</u>	<u>88,773,100</u>

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2016**

Note 4 - Capital Assets (continued)

	Balance October 1, 2015	Additions	Deletions	Transfers	Balance September 30, 2016
Less accumulated depreciation for:					
Buildings and improvements	61,376	39,196	-	-	100,572
Infrastructure	31,780,490	2,112,774	-	-	33,893,264
Equipment	1,256,122	187,450	(6,834)	-	1,436,738
Meters in the field	500,321	4,093	-	-	504,414
Total accumulated depreciation	33,598,309	2,343,513	(6,834)	-	35,934,988
Total capital assets depreciated, net	50,024,578	(1,907,186)	(4,555)	4,725,275	52,838,112
Business-type activities capital assets	\$ <u>92,133,118</u>	\$ <u>7,958,250</u>	\$ <u>(4,555)</u>	\$ <u>-</u>	\$ <u>100,086,813</u>

Depreciation expense is charged to the following functions:

Governmental activities	\$ <u>3,574,820</u>
Business-type activities	\$ <u>2,343,513</u>

The District has awarded various construction contracts. As of September 30, 2016, commitments on uncompleted construction contracts totaled approximately \$ 2,800,000.

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, 2016:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016	Due Within One Year
Water management bonds	\$ 27,130,000	\$ -	\$ 850,000	\$ 26,280,000	\$ 875,000
Water management discount	(257,820)	-	8,890	(248,930)	-
Special assessment bonds	35,115,000	19,625,000	23,615,000	31,125,000	2,545,000
Special assessment discount	(200,766)	-	10,567	(190,199)	-
	\$ <u>61,786,414</u>	\$ <u>19,625,000</u>	\$ <u>24,484,457</u>	\$ <u>56,965,871</u>	\$ <u>3,420,000</u>

North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2016

Note 5 - Long-Term Debt (continued)

Water Management Bonds payable at September 30, 2016 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 \$ 590,000. The bonds are secured primarily from special assessments levied by the District.	5,280,000
\$ 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 \$ 285,000. The bonds are secured primarily from special assessments levied by the District.	<u>7,220,000</u>
	<u>\$ 26,280,000</u>

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 875,000	\$ 1,284,955	\$ 2,159,955
2018	905,000	1,258,474	2,163,474
2019	930,000	1,231,084	2,161,084
2020	960,000	1,203,223	2,163,223
2021	990,000	1,173,889	2,163,889
2022-2026	3,890,000	5,424,227	9,314,227
2027-2031	2,060,000	5,004,775	7,064,775
2032-2036	3,975,000	4,598,660	8,573,660
2037-2041	6,575,000	3,026,888	9,601,888
2042-2044	<u>5,120,000</u>	<u>685,940</u>	<u>5,805,940</u>
Total	<u>\$ 26,280,000</u>	<u>\$ 24,892,115</u>	<u>\$ 51,172,115</u>

Note 5 - Long-Term Debt (continued)

Special Assessment Bonds payable at September 30, 2016 are comprised of the following:

<p>\$ 1,575,000 Series 2009 Special Assessment Refunding Bonds, principal is due in a balloon payment in May 2019. Interest at 4.50% is due in May and November. Current portion is \$ 175,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>\$ 545,000</p>
<p>\$ 3,175,000 Series 2012 Special Assessment Refunding Bonds, principal is due annually through May 2019. Interest at 2.32% is due in May and November. Current portion is \$ 470,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>1,450,000</p>
<p>\$ 6,330,000 Series 2014A-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.00% to 6.25% is due in May and November. Current portion is \$ 190,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>5,980,000</p>
<p>\$ 4,765,000 Series 2014B-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.125% to 6.375% is due in May and November. Current portion is \$ 140,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>4,505,000</p>
<p>\$ 15,460,000 Series 2016 Special Assessment Bonds, principal is due annually through May 2026. Interest at 3.35% is due in May and November. Current portion is \$ 1,240,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p>14,480,000</p>
<p>\$ 4,165,000 Series 2016 Special Assessment Bonds, principal is due in annually through May 2027. Interest at 2.71% is due in May and November. Current portion is \$ 330,000. The bonds are secured primarily from special assessments levied by the District.</p>	<p><u>4,165,000</u></p>
	<p>\$ <u><u>31,125,000</u></u></p>

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2016**

Note 5 - Long-Term Debt (continued)

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 2,545,000	\$ 1,286,705	\$ 3,831,705
2018	2,635,000	1,215,541	3,850,541
2019	2,740,000	1,122,795	3,862,795
2020	2,120,000	1,025,903	3,145,903
2021	2,205,000	946,476	3,151,476
2022-2026	12,365,000	3,417,564	15,782,564
2027-2031	3,870,000	1,522,118	5,392,118
2032-2034	2,645,000	340,726	2,985,726
Total	\$ <u>31,125,000</u>	\$ <u>10,877,828</u>	\$ <u>42,002,828</u>

Summary of significant bond covenants: The following is a schedule of required reserve deposits as of September 30, 2016:

	Reserve Requirement	Reserve Balance
Series 2009 Special Assessment Bond	19,843	19,846
Series 2012 Special Assessment Bond	251,055	251,128
Series 2014A-1 Special Assessment Bond	264,578	264,618
Series 2014A-2 Water Management Bond	138,242	138,263
Series 2014B-1 Special Assessment Bond	205,910	205,928
Series 2014B-2 Water Management Bond	105,241	105,257
Series 2014 Water Management Bond	74,367	74,376
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

Advanced Refunding: In January 2016, the District issued \$ 15,460,000 in Series 2016 Special Assessment Refunding Bonds, (the "2016 Bonds") for the purpose of refinancing the Series 2005A-1 and 2005A-2 Special Assessment Bonds (the "2005 Bonds"). The gross proceeds of the 2016 Bonds along with a District contribution were deposited in an irrevocable trust with an escrow agent to provide for the cost of issuance, the establishment of a debt service reserve fund and the required debt service payment (including principal and interest) on the call date of February 8, 2016. As a result the 2005 Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price of the 2005 Bonds exceeded the net carrying value by \$ 270,632. This amount is shown in the statement of net position as a deferred outflow of resources. The District refunded the 2005 Bonds to reduce its total debt service payments by approximately \$ 3,741,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt, net of District contribution) of approximately \$ 1,448,000.

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2016**

Note 5 - Long-Term Debt (continued)

In June of 2016, the District issued \$ 4,165,000 in Series 2016 Special Assessment Refunding Bonds,(the "2016-SA Bonds") for the purpose of financing the Series 2006 Special Assessment Refunding Bonds (the "2006 Bonds"). The gross proceeds of the 2016-SA Bonds along with a District contribution were deposited in an irrevocable trust with an escrow agent to provide for the cost of issuance, the establishment of a debt service reserve fund and the required debt service payment (including principal and interest) on the call date of July 8, 2016. As a result the 2006 Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price of the 2006 Bonds exceeded the net carrying value by \$ 19,871. This amount is shown in the statement of net position as a deferred outflow of resources. The District refunded the 2006 Bonds to reduce its total debt service payments by approximately \$ 1,304,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt, net of District contribution) of approximately \$ 424,000.

The following is a summary of the long-term debt activity of the business-type activities for the year ended September 30, 2016:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016	Due Within One Year
Water and sewer revenue and refunding bonds	\$ 45,905,000	\$ -	\$ 1,525,000	\$ 44,380,000	\$ 2,160,000
Total bonds payable	<u>\$ 45,905,000</u>	<u>\$ -</u>	<u>\$ 1,525,000</u>	<u>\$ 44,380,000</u>	<u>\$ 2,160,000</u>

Water and Sewer Revenue Bonds payable at September 30, 2016 are comprised of the following:

\$ 50,065,000 Series 2011 Water and Sewer Refunding Revenue Bonds, due in annual principal installments beginning in October 2012 through October 2031. Interest at 3.23% is due in April and October. Current portion is \$ 2,160,000. 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.

\$ 44,380,000
\$ 44,380,000

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2016**

Note 5 - Long-Term Debt (continued)

The annual requirements to amortize the principal and interest of Water and Sewer Revenue Bonds payable as of September 30, 2016 are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 2,160,000	\$ 1,418,112	\$ 3,578,112
2018	2,235,000	1,346,150	3,581,150
2019	2,305,000	1,271,813	3,576,813
2020	2,375,000	1,198,353	3,573,353
2021	2,455,000	1,116,101	3,571,101
2022-2026	13,520,000	4,739,017	18,259,017
2027-2031	15,850,000	7,152,425	23,002,425
2032	3,480,000	7,378,943	10,858,943
Total	<u>\$ 44,380,000</u>	<u>\$ 25,620,914</u>	<u>\$ 70,000,914</u>

At September 30, 2016, the above Series 2011 Water and Sewer Refunding Revenue Bonds has a reserve balance requirement of \$ 1,800,118 which was met.

Note 6 - Interfund Transactions

Interfund receivables and payables at September 30, 2016 were as follows:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ 5,804	\$ 398,811
210 Debt Service	-	421
220 Debt Service	-	1,000,000
313 Capital Projects	-	500
314 Capital Projects	-	500
315 Capital Projects	-	500
316 Capital Projects	-	500
321 Capital Projects	170,500	-
Governmental totals	<u>\$ 176,304</u>	<u>\$ 1,401,232</u>
Enterprise funds:		
Water and Sewer Fund	\$ 1,395,428	\$ 170,500
Enterprise totals	<u>\$ 1,395,428</u>	<u>\$ 170,500</u>
Totals	<u>\$ 1,571,732</u>	<u>\$ 1,571,732</u>

Amounts due from the General Fund mostly represent payroll reimbursement to the Water and Sewer Fund. Amounts due to the General Fund and Capital Projects fund represent monies owed for assessments. Amounts due to the Water Sewer Fund represent deposit made into the 220 Debt Service to be used in bond refunding in 2017. All balances are expected to be paid within 60 days after year end.

Note 6 - Interfund Transactions (continued)

Interfund transfers during the year were as follows:

	Transfer In	Transfer Out
Governmental funds:		
206 Debt Service Fund	\$ -	\$ 1,396
207 Debt Service Fund	-	3,294,839
208 Debt Service Fund	-	681,316
209 Debt Service Fund	-	849,840
211 Debt Service Fund	9,157	-
217 Debt Service Fund	-	9,157
218 Debt Service Fund	1,396	-
219 Debt Service Fund	3,983,280	-
220 Debt Service Fund	959,158	-
307 Capital Project Funds	-	2,273,837
309 Capital Project Funds	19	109,337
317 Capital Project Funds	1,073,823	7,111
318 Capital Project Funds	1,200,000	-
	<u>7,226,833</u>	<u>7,226,833</u>
Totals	\$ <u>7,226,833</u>	\$ <u>7,226,833</u>

The amounts transferred between debt service funds were mostly related to debt payoffs as a result of refundings during the year. Transfers into the capital project funds from other capital project funds were mostly related to the close out of certain capital projects funds as result of refundings during the year.

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, 2015	Increase (Decrease)	Balance September 30, 2016	Due Within One Year
Compensated absences	\$ 23,332	\$ 8,528	\$ 31,860	\$ 3,186
Total	<u>\$ 23,332</u>	<u>\$ 8,528</u>	<u>\$ 31,860</u>	<u>\$ 3,186</u>

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

	Balance October 1, 2015	Increase (Decrease)	Balance September 30, 2016	Due Within One Year
Compensated absences	\$ 89,094	\$ 6,785	\$ 95,879	\$ 9,588
Total	<u>\$ 89,094</u>	<u>\$ 6,785</u>	<u>\$ 95,879</u>	<u>\$ 9,588</u>

Note 8 - Defined Contribution Plans

The employees of the District have the option of participating in the Florida Retirement Systems Investment Plan (“the Investment Plan”) which is a defined contribution plan or the Florida Retirement System Pension Plan (“Pension Plan”) which is a defined benefit plan (Note 9). The investment plan is qualified under Section 401 (a) of the Internal Service Code. The employer and employee contributions are defined by law. Employees are required to contribute 3% of their salary. The amount contributed by the District is the same whether the employee participates in the Investment Plan or the Pension Plan (Note 9). The District contributed approximately \$ 32,600 to the Investment Plan for the year ended September 30, 2016

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”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). 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 from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan:

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

Note 9 - Florida Retirement System (continued)

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

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

Note 9 - Florida Retirement System (continued)

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular - 7.26% and 7.52%; Special Risk Administrative Support - 32.95% and 28.06%; Special Risk - 22.04% and 22.57%; Senior Management Service - 21.43% and 21.77%; Elected Officers' - 42.27% and 42.47%; and DROP participants - 12.28% and 12.99%. These employer contribution rates include 1.66% to the HIS Plan subsidy for the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016.

The District's contributions, including employee contributions to the Pension Plan totaled approximately \$ 261,900 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the District reported a liability of \$ 1,764,907 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. At June 30, 2016, the District's proportion was .006989710% percent which was an increase of .006989710% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the District recognized pension expense of approximately \$ 423,000. At September 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 135,135	\$ (16,432)
Changes of assumptions	106,772	-
Net difference between project and actual earnings on pension plan investments	456,207	-
Changes in proportion and differences between District contributions and proportionate share of contributions	830,731	-
District contributions subsequent to the measurement date	<u>52,064</u>	<u>-</u>
Total	<u>\$ 1,580,909</u>	<u>\$ (16,432)</u>

Note 9 - Florida Retirement System (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2017. 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:		
2017	\$	247,737
2018		247,737
2019		425,595
2020		339,827
2021		181,195
Thereafter		70,322

Actuarial Assumptions - The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement date.

Inflation	2.60%
Salary Increase	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

Mortality assumptions were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to section 216.136(10), Florida Statutes. During presentations to the 2016 FRS Actuarial Assumption Conference, Aon Hewitt, the investment consultant for the State Board of Administration, and the consulting actuary both recommended reducing the investment return assumption. Based on their respective capital market outlook models, the 50th percentile average annual long-term future return rates ranged between 6.3 percent and 6.6 percent. When Aon Hewitt applied the State Board of Administration’s approach to assumption development, the investment return forecast was 7.0 percent. The consulting actuary notes the reduced investment return assumption adopted by the FRS Actuarial Assumption Conference conflicts with their judgment of a reasonable assumption as defined by the Actuarial Standards of Practice Number 27 (ASOP 27).

Note 9 - Florida Retirement System (continued)

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%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.1%
Real estate property	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.1%
Total	100%			
Assumed Inflation - Mean			2.6%	1.9%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. 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.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
District's proportionate share of the net pension liability	\$ 3,249,314	\$ 1,764,907	\$ 529,335

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 9 - Florida Retirement System (continued)

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, 2016, 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 as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016 was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled approximately \$ 52,500 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September, 2016, the District reported a liability of \$ 1,098,848 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. At June 30, 2016, the District's proportion was 0.009428463% percent, which was an increase of 0.009428463% from its proportion measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the District recognized pension expense of approximately \$ 214,000. In addition the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (2,503)
Changes of assumptions	172,437	-
Net difference between project and actual earnings on pension plan investments	556	-
Changes in proportion and differences between District contributions and proportionate share of contributions	762,415	-
District contributions subsequent to the measurement date	<u>11,673</u>	<u>-</u>
Total	\$ <u>947,081</u>	\$ <u>(2,503)</u>

Note 9 - Florida Retirement System (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2017. The amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Year Ended September 30:</u>		
2017	\$	153,499
2018		153,499
2019		153,393
2020		153,342
2021		149,247
Thereafter		169,925

Actuarial Assumptions - The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increase	3.25%, average, including inflation
Municipal bond rate	2.85%

Mortality assumptions were based on the Generational RP-2000 with Project Scale BB tables.

Because the HIS Program 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 Program were based on certain results of the most recent experience study for the FRS Pension Plan. The municipal rate used to determine total pension liability was decreased from 3.80% to 2.85%.

Discount Rate - The discount rate used to measure the total pension liability was 2.85%. In general the discount rate for calculating the 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 benefit is funded on a pay-as-you-go basis, no experience study has been completed for that program.

Sensitivity of the District’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District’s proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	<u>1% Decrease 1.85%</u>	<u>Current Discount Rate 2.85%</u>	<u>1% Increase 3.85%</u>
District's proportionate share of the net pension liability	\$ 1,260,629	\$ 1,098,848	\$ 964,579

Note 9 - Florida Retirement System (continued)

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS 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 - Other Post-Employment Benefits

Plan Description

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

Funding Policy and Annual OPEB Cost

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

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

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

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	\$ -
Annual required contribution	91,000
Interest on net OPEB obligation	18,000
Adjustment to annual required contribution	(38,000)
Annual OPEB cost	<u>71,000</u>
Contributions made (credit for implied subsidy)	<u>(11,000)</u>
Increase in net OPEB obligation	60,000
Net OPEB obligation - beginning of year	443,000
Net OPEB obligation - end of year	<u><u>\$ 503,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended September 30, 2016 was:

Annual OPEB cost	\$ 71,000
Percentage of OPEB cost contributed	15%
Net OPEB obligation	\$ 503,000

Note 10 - Other Post-Employment Benefits (continued)

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

*Includes inflation at 2.75% per annum

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

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

Note 12 - Related Party Transactions

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

REQUIRED SUPPLEMENTARY
INFORMATION

North Springs Improvement District
Schedule of Funding Progress
Other Post-Employment Benefits
September 30, 2016

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

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

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

	<u>2016</u>
The District's proportion of the net pension liability	0.006989710%
The District's proportionate share of the net pension liability	\$ 1,764,907
The District's covered-employee payroll	\$ 2,726,098
The District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	64.74%
Plan fiduciary net position as a percentage of total pension liability	84.88%

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

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

	<u>2016</u>
The District's proportion of the net pension liability	0.00942846%
The District's proportionate share of the net pension liability	\$ 1,098,848
The District's covered-employee payroll	\$ 2,726,098
The District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.31%
Plan fiduciary net position as a percentage of total pension liability	0.97%

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

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

	<u>2016</u>
Contractually required contribution	\$ 198,817
Contributions in related to the contractually required contribution	\$ <u>(198,817)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
The District's covered-employee payroll	\$ 2,726,098
Contributions as a percentage of covered payroll	7.29%

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

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

	<u>2016</u>
Contractually required contribution	\$ 52,491
Contributions in related to the contractually required contribution	\$ <u>(52,491)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
The District's covered-employee payroll	\$ 2,726,098
Contributions as a percentage of covered payroll	1.93%

* 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:

2005B Debt Service Fund (206 Debt Service) - The 2005B Debt Service Fund accounts for debt service requirements for the District's Water Management Bond, Series 2005B.

2005A-1 Debt Service Fund (207 Debt Service) - The 2005A-1 Debt Service Fund accounts for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2005A-1

2005A1/B1 Debt Service Fund (208 Debt Service) - The 2005A1/B1 Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2005A1/B1.

2006A/B Heron Bay North Debt Service Fund (209 Debt Service) - The 2006 A/B Heron Bay North Debt Service Fund accounts for the debt service requirements for the District's outstanding Special Assessment Bonds, Series 2006 A/B.

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.

2010 Debt Service Fund (211 Debt Service) -The 2010 Debt Service Fund accounts for debt service requirements for the District's Water Management Bond, Series 2010.

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

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

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

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

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

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

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

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

Capital Projects Funds:

2005 A1&B1 Supplement 3 Capital Projects Fund (307 Capital Projects) - The 2005 A1&B1 Supplement 3 Capital Project Fund accounts for construction of infrastructure improvements within the boundaries of the Supplement 3 land.

North Springs Improvement District

Nonmajor Governmental Funds Overview (Continued)

2006A/B Capital Projects Fund (309 Capital Projects) - The 2006A/B Capital Projects Fund accounts for the public stormwater improvements, water and sewer improvements and roads benefiting each of the assessment areas.

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.

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.

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

2016 Four Season Capital Projects Fund (321 Capital Projects) - The 2016 Four Seasons Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Unit Area B.

North Springs Improvement District
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2016

	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,000,827	\$ -	\$ 1,000,827
Due from other funds	-	170,500	170,500
Restricted investments	<u>2,906,244</u>	<u>2,974,254</u>	<u>5,880,498</u>
Total assets	<u>\$ 3,907,071</u>	<u>\$ 3,144,754</u>	<u>\$ 7,051,825</u>
Liabilities:			
Accounts payable	\$ -	\$ 173,509	\$ 173,509
Due to other funds	<u>1,000,421</u>	<u>1,500</u>	<u>1,001,921</u>
Total liabilities	<u>1,000,421</u>	<u>175,009</u>	<u>1,175,430</u>
Fund balances:			
Restricted for:			
Debt service	2,906,650	-	2,906,650
Capital projects	<u>-</u>	<u>2,969,745</u>	<u>2,969,745</u>
Total fund balances	<u>2,906,650</u>	<u>2,969,745</u>	<u>5,876,395</u>
Total liabilities and fund balances	<u>\$ 3,907,071</u>	<u>\$ 3,144,754</u>	<u>\$ 7,051,825</u>

North Springs Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended September 30, 2016

	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Special assessments	\$ 6,548,999	\$ -	\$ 6,548,999
Investment earnings	1,122	243	1,365
Total revenues	<u>6,550,121</u>	<u>243</u>	<u>6,550,364</u>
Expenditures:			
Capital outlay	-	1,352,805	1,352,805
Debt service:			
Principal	2,215,000	-	2,215,000
Interest	2,724,748	-	2,724,748
Bond issuance costs and other fiscal charges	<u>33,676</u>	<u>470,675</u>	<u>504,351</u>
Total expenditures	<u>4,973,424</u>	<u>1,823,480</u>	<u>6,796,904</u>
Excess (deficiency) of revenues over expenditures	<u>1,576,697</u>	<u>(1,823,237)</u>	<u>(246,540)</u>
Other Financing Sources (Uses):			
Operating transfers in	969,711.00	2,273,842	3,243,553
Operating transfers out	(4,836,548)	(2,390,285)	(7,226,833)
Payment to refunded bond escrow agent	(4,619,871)	-	(4,619,871)
Issuance of bonds	<u>3,957,699</u>	<u>488,949</u>	<u>4,446,648</u>
Total other financing sources (uses)	<u>(4,529,009)</u>	<u>372,506</u>	<u>(4,156,503)</u>
Net change in fund balances	<u>(2,952,312)</u>	<u>(1,450,731)</u>	<u>(4,403,043)</u>
Fund Balances, October 1, 2015	<u>5,858,962</u>	<u>4,420,476</u>	<u>10,279,438</u>
Fund Balances, September 30, 2016	<u>\$ 2,906,650</u>	<u>\$ 2,969,745</u>	<u>\$ 5,876,395</u>

North Springs Improvement District
Combining Balance Sheet - Nonmajor Debt Service Funds
September 30, 2016

	<u>206</u>	<u>207</u>	<u>208</u>	<u>209</u>	<u>210</u>	<u>211</u>	<u>212</u>
	Debt	Debt	Debt	Debt	Debt	Debt	Debt
	Service	Service	Service	Service	Service	Service	Service
Assets:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,681</u>	<u>-</u>	<u>306,612</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,681</u>	<u>\$ -</u>	<u>\$ 306,612</u>
Liabilities:							
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>421</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Restricted for:							
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,260</u>	<u>-</u>	<u>306,612</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,260</u>	<u>-</u>	<u>306,612</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,681</u>	<u>\$ -</u>	<u>\$ 306,612</u>

213	214	215	216	217	218	220	Total
Debt	Debt	Debt	Debt	Debt	Debt	Debt	Nonmajor
Service	Service	Service	Service	Service	Service	Service	Debt Service
							Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,827	\$ 1,000,827
<u>339,537</u>	<u>531,673</u>	<u>252,114</u>	<u>407,650</u>	<u>269,010</u>	<u>384,066</u>	<u>369,901</u>	<u>2,906,244</u>
<u>\$ 339,537</u>	<u>\$ 531,673</u>	<u>\$ 252,114</u>	<u>\$ 407,650</u>	<u>\$ 269,010</u>	<u>\$ 384,066</u>	<u>\$ 1,370,728</u>	<u>\$ 3,907,071</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,421
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,421</u>
<u>339,537</u>	<u>531,673</u>	<u>252,114</u>	<u>407,650</u>	<u>269,010</u>	<u>384,066</u>	<u>370,728</u>	<u>2,906,650</u>
<u>339,537</u>	<u>531,673</u>	<u>252,114</u>	<u>407,650</u>	<u>269,010</u>	<u>384,066</u>	<u>370,728</u>	<u>2,906,650</u>
<u>\$ 339,537</u>	<u>\$ 531,673</u>	<u>\$ 252,114</u>	<u>\$ 407,650</u>	<u>\$ 269,010</u>	<u>\$ 384,066</u>	<u>\$ 1,370,728</u>	<u>\$ 3,907,071</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, 2016

	206 Debt Service	207 Debt Service	208 Debt Service	209 Debt Service	210 Debt Service	211 Debt Service	212 Debt Service
Revenues:							
Special assessments	\$ 2	\$ 1,521,023	\$ 345,339	\$ 675,497	\$ 200,223	\$ -	\$ 511,344
Interest income	-	45	-	41	6	-	27
Total revenues	<u>2</u>	<u>1,521,068</u>	<u>345,339</u>	<u>675,538</u>	<u>200,229</u>	<u>-</u>	<u>511,371</u>
Expenditures:							
Debt service:							
Principal	-	75,000	20,000	330,000	165,000	-	460,000
Interest	-	375,641	81,950	256,360	32,483	-	44,313
Bond issuance costs and other fiscal charges	-	-	-	3,098	4,987	-	3,717
Total expenditures	<u>-</u>	<u>450,641</u>	<u>101,950</u>	<u>589,458</u>	<u>202,470</u>	<u>-</u>	<u>508,030</u>
Excess of revenues over (under) expenditures	2	1,070,427	243,389	86,080	(2,241)	-	3,341
Other Financing Sources (Uses):							
Operating transfers in	-	-	-	-	-	9,157	-
Operating transfers out	(1,396)	(3,294,839)	(681,316)	(849,840)	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,396)</u>	<u>(3,294,839)</u>	<u>(681,316)</u>	<u>(849,840)</u>	<u>-</u>	<u>9,157</u>	<u>-</u>
Net change in fund balances	(1,394)	(2,224,412)	(437,927)	(763,760)	(2,241)	9,157	3,341
Fund Balances, October 1, 2015	<u>1,394</u>	<u>2,224,412</u>	<u>437,927</u>	<u>763,760</u>	<u>47,501</u>	<u>(9,157)</u>	<u>303,271</u>
Fund Balances, September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,260</u>	<u>\$ -</u>	<u>\$ 306,612</u>

213	214	215	216	217	218	220	Total
Debt	Debt	Debt	Debt	Debt	Debt	Debt	Nonmajor
Service	Service	Service	Service	Service	Service	Service	Debt Service
							Funds
\$ 564,502	\$ 515,588	\$ 426,803	\$ 403,294	\$ 756,441	\$ 513,232	\$ 115,711	\$ 6,548,999
24	32	19	27	28	28	845	1,122
<u>564,526</u>	<u>515,620</u>	<u>426,822</u>	<u>403,321</u>	<u>756,469</u>	<u>513,260</u>	<u>116,556</u>	<u>6,550,121</u>
180,000	-	135,000	-	575,000	275,000	-	2,215,000
377,400	505,050	290,100	398,163	175,600	149,088	38,600	2,724,748
<u>3,394</u>	<u>3,394</u>	<u>3,394</u>	<u>3,394</u>	<u>3,771</u>	<u>313</u>	<u>4,214</u>	<u>33,676</u>
<u>560,794</u>	<u>508,444</u>	<u>428,494</u>	<u>401,557</u>	<u>754,371</u>	<u>424,401</u>	<u>42,814</u>	<u>4,973,424</u>
3,732	7,176	(1,672)	1,764	2,098	88,859	73,742	1,576,697
-	-	-	-	-	1,396	959,158	969,711
-	-	-	-	(9,157)	-	-	(4,836,548)
-	-	-	-	-	-	(4,619,871)	(4,619,871)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,957,699</u>	<u>3,957,699</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,157)</u>	<u>1,396</u>	<u>296,986</u>	<u>(4,529,009)</u>
3,732	7,176	(1,672)	1,764	(7,059)	90,255	370,728	(2,952,312)
<u>335,805</u>	<u>524,497</u>	<u>253,786</u>	<u>405,886</u>	<u>276,069</u>	<u>293,811</u>	<u>-</u>	<u>5,858,962</u>
<u>\$ 339,537</u>	<u>\$ 531,673</u>	<u>\$ 252,114</u>	<u>\$ 407,650</u>	<u>\$ 269,010</u>	<u>\$ 384,066</u>	<u>\$ 370,728</u>	<u>\$ 2,906,650</u>

North Springs Improvement District
 Combining Balance Sheet - Nonmajor Capital Projects Funds
 September 30, 2016

	<u>307 Capital Projects</u>	<u>309 Capital Projects</u>	<u>313 Capital Projects</u>	<u>314 Capital Projects</u>
Assets:				
Due from other funds	\$ -	\$ -	\$ -	\$ -
Restricted investments	<u>-</u>	<u>-</u>	<u>838,959</u>	<u>59,962</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 838,959</u>	<u>\$ 59,962</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
Fund Balances:				
Restricted for:				
Capital projects	<u>-</u>	<u>-</u>	<u>838,459</u>	<u>59,462</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>838,459</u>	<u>59,462</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 838,959</u>	<u>\$ 59,962</u>

<u>315 Capital Projects</u>	<u>317 Capital Projects</u>	<u>318 Capital Projects</u>	<u>320 Capital Projects</u>	<u>321 Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ - <u>55,375</u>	\$ - <u>808,748</u>	\$ - <u>1,200,047</u>	\$ - <u>11,163</u>	\$ 170,500 <u>-</u>	\$ 170,500 <u>2,974,254</u>
\$ <u>55,375</u>	\$ <u>808,748</u>	\$ <u>1,200,047</u>	\$ <u>11,163</u>	\$ <u>170,500</u>	\$ <u>3,144,754</u>
\$ - <u>500</u>	\$ 3,009 <u>-</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ 170,500 <u>-</u>	\$ 173,509 <u>1,500</u>
<u>500</u>	<u>3,009</u>	<u>-</u>	<u>-</u>	<u>170,500</u>	<u>175,009</u>
<u>54,875</u>	<u>805,739</u>	<u>1,200,047</u>	<u>11,163</u>	<u>-</u>	<u>2,969,745</u>
<u>54,875</u>	<u>805,739</u>	<u>1,200,047</u>	<u>11,163</u>	<u>-</u>	<u>2,969,745</u>
\$ <u>55,375</u>	\$ <u>808,748</u>	\$ <u>1,200,047</u>	\$ <u>11,163</u>	\$ <u>170,500</u>	\$ <u>3,144,754</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, 2016

	307 Capital Projects	309 Capital Projects	313 Capital Projects	314 Capital Projects
Revenues:				
Interest income	\$ 48	\$ 5	\$ 51	\$ 3
Total revenues	<u>48</u>	<u>5</u>	<u>51</u>	<u>3</u>
Expenditures:				
Capital outlay	400	-	-	-
Debt service:				
Bond issuance costs and other fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	(352)	5	51	3
Other Financing Sources (Uses):				
Operating transfers in	-	19	-	-
Operating transfers out	(2,273,837)	(109,337)	-	-
Issuance of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,273,837)</u>	<u>(109,318)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,274,189)	(109,313)	51	3
Fund Balances, October 1, 2015	<u>2,274,189</u>	<u>109,313</u>	<u>838,408</u>	<u>59,459</u>
Fund Balances, September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 838,459</u>	<u>\$ 59,462</u>

<u>315 Capital Projects</u>	<u>317 Capital Projects</u>	<u>318 Capital Projects</u>	<u>320 Capital Projects</u>	<u>321 Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 48	\$ 41	\$ 47	\$ -	\$ -	\$ 243
<u>48</u>	<u>41</u>	<u>47</u>	<u>-</u>	<u>-</u>	<u>243</u>
1,084,280	268,125	-	-	-	1,352,805
<u>-</u>	<u>274,537</u>	<u>-</u>	<u>196,138</u>	<u>-</u>	<u>470,675</u>
<u>1,084,280</u>	<u>542,662</u>	<u>-</u>	<u>196,138</u>	<u>-</u>	<u>1,823,480</u>
(1,084,232)	(542,621)	47	(196,138)	-	(1,823,237)
-	1,073,823	1,200,000	-	-	2,273,842
-	(7,111)	-	-	-	(2,390,285)
<u>-</u>	<u>281,648</u>	<u>-</u>	<u>207,301</u>	<u>-</u>	<u>488,949</u>
<u>-</u>	<u>1,348,360</u>	<u>1,200,000</u>	<u>207,301</u>	<u>-</u>	<u>372,506</u>
(1,084,232)	805,739	1,200,047	11,163	-	(1,450,731)
<u>1,139,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,420,476</u>
\$ <u>54,875</u>	\$ <u>805,739</u>	\$ <u>1,200,047</u>	\$ <u>11,163</u>	\$ <u>-</u>	\$ <u>2,969,745</u>

OTHER REPORTS OF
INDEPENDENT AUDITORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 13, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 13, 2017

INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

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

Report on the Financial Statements

We have audited the financial statements of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 13, 2017.

Auditor's Responsibility

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

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 13, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. North Springs Improvement District was established under the laws of the State of Florida in Chapter 71-580, as amended. The District does not have any component units.

Financial Condition

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

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

Annual Financial Report

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

Monthly Financial Statements

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

Transparency

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

Sections 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require that we apply appropriate procedures and report 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.

Other Matters

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

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

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
March 13, 2017

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

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

We have examined North Spring Improvement District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 13, 2017