

# Coral Springs Improvement District

Basic Financial Statements  
For the Year Ended September 30, 2017

# Coral Springs Improvement District

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**Coral Springs Improvement District**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Coral Springs Improvement District (the "District") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and schedule of funding progress - other post-employment benefits on page 32 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 schedule of operating expenses by department on page 33 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. The schedule of operating expenses by department 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 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 December 27, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
December 27, 2017

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### **Financial Highlights**

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

- The District's total assets exceeded total liabilities by \$ 53,338,496 (net position). Unrestricted net position for governmental activities was \$ 5,351,908.
- Governmental activities revenues totaled \$ 1,868,439, including interest income of \$ 20,838, while governmental activities expenses totaled \$ 1,407,395. Business-type revenues totaled \$ 13,038,066, including interest income of \$ 98,817. Business-type expenses totaled \$ 12,952,218.

### **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 fund. 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 inflow/outflows of resources and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets; 2) restricted and; 3) unrestricted. Assets, liabilities, and net position are reported for all governmental activities separate from the assets, liabilities, and net position of business-type activities.



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 enterprise 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 fund. A statement of revenues, expenditures, and change in fund balance - budget and actual, is provided for the District's General Fund. For enterprise 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 statement can be on pages 20 through 31 of this report.

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

**Government-Wide Financial Analysis**

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 5,499,714	\$ 4,846,636	\$ 21,269,976	\$ 20,599,398	\$ 26,769,690	\$ 25,446,034
Restricted assets	-	-	5,074,425	4,383,191	5,074,425	4,383,191
Capital assets (net)	<u>7,242,218</u>	<u>7,418,912</u>	<u>56,452,303</u>	<u>58,231,009</u>	<u>63,694,521</u>	<u>65,649,921</u>
Total assets	<u>12,741,932</u>	<u>12,265,548</u>	<u>82,796,704</u>	<u>83,213,598</u>	<u>95,538,636</u>	<u>95,479,146</u>
Total deferred outflows of resources	-	-	<u>1,715,296</u>	<u>1,837,817</u>	<u>1,715,296</u>	<u>1,837,817</u>
Other liabilities	81,335	73,890	3,181,603	2,292,941	3,262,938	2,366,831
Noncurrent liabilities	<u>66,471</u>	<u>58,576</u>	<u>40,586,027</u>	<u>42,099,952</u>	<u>40,652,498</u>	<u>42,158,528</u>
Total liabilities	<u>147,806</u>	<u>132,466</u>	<u>43,767,630</u>	<u>44,392,893</u>	<u>43,915,436</u>	<u>44,525,359</u>
Net position:						
Net investments in capital assets	7,242,218	7,418,912	14,697,303	15,401,009	21,939,521	22,819,921
Restricted	-	-	5,074,425	4,383,191	5,074,425	4,383,191
Unrestricted	<u>5,351,908</u>	<u>4,714,170</u>	<u>20,972,642</u>	<u>20,874,322</u>	<u>26,324,550</u>	<u>25,588,492</u>
Total net position	<u>\$ 12,594,126</u>	<u>\$ 12,133,082</u>	<u>\$ 40,744,370</u>	<u>\$ 40,658,522</u>	<u>\$ 53,338,496</u>	<u>\$ 52,791,604</u>

**Governmental and Business-Type Activities:** Governmental activities increased the District's net position by \$ 461,044, while business-type activities increased the District's net position by \$ 85,848, as reflected in the table below:

**Coral Springs Improvement District  
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Charges for services	\$ 3,700	\$ 5,850	\$ 12,845,231	\$ 12,643,221	\$ 12,848,931	\$ 12,649,071
Taxes:						
Assessments	1,811,926	1,813,837	-	-	1,811,926	1,813,837
Other	<u>31,975</u>	<u>80,193</u>	<u>94,018</u>	<u>95,190</u>	<u>125,993</u>	<u>175,383</u>
Total revenues	<u>1,847,601</u>	<u>1,899,880</u>	<u>12,939,249</u>	<u>12,738,411</u>	<u>14,786,850</u>	<u>14,638,291</u>
Expenses:						
General government	490,379	408,718	-	-	490,379	408,718
Physical environment	595,536	752,664	-	-	595,536	752,664
Water and sewer	-	-	7,178,196	7,068,223	7,178,196	7,068,223
Bond issuance costs	-	-	-	890,434	-	890,434
Interest expense	-	-	1,421,535	1,922,735	1,421,535	1,922,735
Provision for depreciation	<u>321,480</u>	<u>215,167</u>	<u>4,352,487</u>	<u>4,304,880</u>	<u>4,673,967</u>	<u>4,520,047</u>
Total expenses	<u>1,407,395</u>	<u>1,376,549</u>	<u>12,952,218</u>	<u>14,186,272</u>	<u>14,359,613</u>	<u>15,562,821</u>
Change in net position before other income (expense)	<u>440,206</u>	<u>523,331</u>	<u>(12,969)</u>	<u>(1,447,861)</u>	<u>427,237</u>	<u>(924,530)</u>

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

**Coral Springs Improvement District  
Statements of Activities  
(continued)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Other income (expense):						
Interest income	20,838	19,205	98,817	58,419	119,655	77,624
Total other income (expense)	20,838	19,205	98,817	58,419	119,655	77,624
Change in net position	461,044	542,536	85,848	(1,389,442)	546,892	(846,906)
Net position, beginning of the year	12,133,082	11,590,546	40,658,522	42,047,964	52,791,604	53,638,510
Net position, end of the year	<u>\$ 12,594,126</u>	<u>\$ 12,133,082</u>	<u>\$ 40,744,370</u>	<u>\$ 40,658,522</u>	<u>\$ 53,338,496</u>	<u>\$ 52,791,604</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 focus of the District's governmental fund is 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. The General Fund is the only governmental fund.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$ 5,436,909.

**Capital Assets and Debt Administration**

The District's capital assets less accumulated depreciation for its governmental activities and business-type activities as of September 30, 2017 amounts to \$ 7,242,218 and \$ 56,452,303, respectively, and consists of land, buildings, infrastructure, machinery and equipment, easements and construction-in-progress.

At the end of the year, the District's business activities had general obligation bond debt outstanding of \$ 41,755,000.

Additional information on the District's debt can be found in Note 6 beginning on page 26 of this report.

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

The District experienced a favorable variance in revenues compared to the General Fund budget in the amount of \$ 51,341. The District also experienced an unfavorable variance in expenditures compared to the General Fund budget in the amount of \$ 5,438.

### **Economic Factors and Next Year's Budgets**

The 2018 General Fund's budgeted expenditures increased by approximately \$ 198,000. The increase in expenditures reflects capital improvements budgeted for canal bank restoration assessment and pump station improvements. The 2018 Water and Sewer Fund's budgeted expenses increased by approximately \$ 4,952,000. The increase is due mainly to the budgeting of capital projects in 2018. Those projects include the construction of a new injection well, water pipe replacement in District subdivisions, and the rehabilitation of a lift station. The District's utility rates will not change for fiscal year ended September 30, 2018.

In September 2017 Hurricane Irma passed through South Florida. While the District suffered no structural damage to its buildings or other utility properties, it did incur fallen trees and other damages to its drainage waterways. The General Fund has contracted to have the waterways cleared of this debris. It is anticipated that the total clean up charges will approximate \$ 2,300,000. The District has already initiated filing claims with FEMA for reimbursement of 75% of the costs. There are sufficient funds on hand to cover the balance of the costs not reimbursed by FEMA.

### **Requests for Information**

This financial report is designed to provide a general overview of Coral 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 Coral Springs Improvement District, 10300 N.W. 11<sup>th</sup> Manor, Coral Springs, Florida 33071.

BASIC  
FINANCIAL STATEMENTS

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 4,496,446	\$ 17,470,804	\$ 21,967,250
Investments	1,003,016	2,263,517	3,266,533
Accounts receivable	-	1,376,313	1,376,313
Due from other governments	252	143,572	143,824
Accrued interest receivable	-	7,441	7,441
Prepaid items	-	8,329	8,329
Restricted cash and cash equivalents	-	5,074,425	5,074,425
Noncurrent assets:			
Capital assets:			
Depreciable (net)	6,626,478	54,875,464	61,501,942
Nondepreciable	615,740	1,576,839	2,192,579
<b>Total assets</b>	<b>12,741,932</b>	<b>82,796,704</b>	<b>95,538,636</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	1,715,296	1,715,296
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	33,210	258,779	291,989
Accrued expenses	13,511	105,437	118,948
Contracts payable	-	155,045	155,045
Compensated absences payable	18,530	125,337	143,867
Customer deposits	17,500	566,080	583,580
Internal balances	(1,416)	1,416	-
Payable from restricted assets:			
Accrued interest payable	-	424,509	424,509
Current portion of bonds payable	-	1,545,000	1,545,000
Noncurrent liabilities:			
Net OPEB obligation	40,933	255,067	296,000
Compensated absences payable	25,538	120,960	146,498
Bonds payable	-	40,210,000	40,210,000
<b>Total liabilities</b>	<b>147,806</b>	<b>43,767,630</b>	<b>43,915,436</b>
<b>Net Position:</b>			
Net investment in capital assets	7,242,218	14,697,303	21,939,521
Restricted for renewal and replacement	-	4,000,757	4,000,757
Restricted for debt service	-	1,073,668	1,073,668
Unrestricted	5,351,908	20,972,642	26,324,550
<b>Total net position</b>	<b>\$ 12,594,126</b>	<b>\$ 40,744,370</b>	<b>\$ 53,338,496</b>

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

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>						
Governmental activities:						
General government	\$ 490,379	\$ -	\$ -	\$ (490,379)	\$ -	\$ (490,379)
Physical environment	595,536	-	-	(591,836)	-	(591,836)
Provision for depreciation	321,480	-	-	(321,480)	-	(321,480)
Total governmental activities	<u>1,407,395</u>	<u>-</u>	<u>-</u>	<u>(1,403,695)</u>	<u>-</u>	<u>(1,403,695)</u>
Business-type activities:						
Personal services	4,301,361	-	-	-	(4,230,813)	(4,230,813)
Materials, supplies and services	2,876,835	-	-	-	9,897,848	9,897,848
Provision for depreciation	4,352,487	-	-	-	(4,352,487)	(4,352,487)
Interest expense	1,421,535	-	-	-	(1,421,535)	(1,421,535)
Total business-type activities	<u>12,952,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,987)</u>	<u>(106,987)</u>
Total primary government	<u>\$ 14,359,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,403,695)</u>	<u>(106,987)</u>	<u>(1,510,682)</u>
General revenues:						
Assessments			1,811,926		-	1,811,926
Interest income			20,838		98,817	119,655
Miscellaneous income			31,975		94,018	125,993
Total general revenues			<u>1,864,739</u>		<u>192,835</u>	<u>2,057,574</u>
Change in net position			461,044		85,848	546,892
Net position, October 1, 2016			12,133,082		40,658,522	52,791,604
Net position, September 30, 2017			<u>\$ 12,594,126</u>		<u>\$ 40,744,370</u>	<u>\$ 53,338,496</u>

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

**Coral Springs Improvement District  
Balance Sheet - Governmental Fund  
September 30, 2017**

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	<b>General Fund</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 4,496,446
Investments	1,003,016
Due from proprietary fund	1,416
Due from other governments	<u>252</u>
Total assets	<u>\$ 5,501,130</u>
<b>Liabilities:</b>	
Accounts payable	\$ 33,210
Accrued expenditures	13,511
Deposits	<u>17,500</u>
Total liabilities	<u>64,221</u>
<b>Fund Balance:</b>	
Assigned to:	
Capital projects	1,650,000
First quarter operating reserves	350,000
Emergency	2,750,000
Unassigned	<u>686,909</u>
Total fund balance	<u>5,436,909</u>
Total liabilities and fund balance	<u>\$ 5,501,130</u>

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



**Coral Springs Improvement District  
 Reconciliation of the Balance Sheet of the Governmental Fund  
 to the Statement of Net Position  
 September 30, 2017**

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**Total Fund Balance - Governmental Fund** \$ 5,436,909

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 governmental fund.

Cost of capital assets	\$ 14,262,000	
Less accumulated depreciation	<u>(7,019,782)</u>	7,242,218

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.

Net OPEB obligation	(40,933)	
Compensated absences payable	<u>(44,068)</u>	<u>(85,001)</u>

**Net Position of Governmental Activities** \$ 12,594,126

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

**Coral Springs Improvement District  
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund  
For the Year Ended September 30, 2017**

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	<b>General Fund</b>
<b>Revenues:</b>	
Assessments	\$ 1,811,926
Miscellaneous income	31,975
Interest income	20,838
Permit fees	<u>3,700</u>
Total revenues	<u>1,868,439</u>
<b>Expenditures:</b>	
Current:	
General government:	
Personal services	211,226
Operating	<u>270,988</u>
Total general government	<u>482,214</u>
Flood control:	
Personal services	383,295
Operating	<u>212,241</u>
Total flood control	<u>595,536</u>
Capital outlay	<u>144,786</u>
Total expenditures	<u>1,222,536</u>
Net change in fund balance	645,903
<b>Fund Balance, October 1, 2016</b>	<u>4,791,006</u>
<b>Fund Balance, September 30, 2017</b>	<u>\$ 5,436,909</u>

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

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

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**Net Change in Fund Balance - Governmental Fund** \$ 645,903

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

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

Expenditures for capital assets	\$ 144,786	
Current year provision for depreciation	<u>(321,480)</u>	(176,694)

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

Change in net OPEB obligation	(4,191)	
Change in compensated absences	<u>(3,974)</u>	<u>(8,165)</u>

**Change in Net Position of Governmental Activities** \$ 461,044

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

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

	<u>Original Budget</u>	<u>Amended &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Assessments	\$ 1,781,748	\$ 1,781,748	\$ 1,811,926	\$ 30,178
Miscellaneous income	31,950	31,950	31,975	25
Interest income	2,400	2,400	20,838	18,438
Permit fees	1,000	1,000	3,700	2,700
	<u>1,817,098</u>	<u>1,817,098</u>	<u>1,868,439</u>	<u>51,341</u>
<b>Expenditures:</b>				
Current:				
General government:				
Personal services	193,003	193,003	211,226	(18,223)
Operating	256,806	265,306	270,988	(5,682)
	<u>449,809</u>	<u>458,309</u>	<u>482,214</u>	<u>(23,905)</u>
Flood control:				
Personal services	379,696	379,696	383,295	(3,599)
Operating	393,491	274,493	212,241	62,252
	<u>773,187</u>	<u>654,189</u>	<u>595,536</u>	<u>58,653</u>
Capital outlay	119,600	104,600	144,786	(40,186)
	<u>1,342,596</u>	<u>1,217,098</u>	<u>1,222,536</u>	<u>(5,438)</u>
Excess (deficiency) of revenues over expenditures	<u>474,502</u>	<u>600,000</u>	<u>645,903</u>	<u>45,903</u>
<b>Other Financing Sources (Uses):</b>				
Appropriation of prior years' fund balance	125,498	-	-	-
Assigned for first quarter operating reserves	(350,000)	(350,000)	-	350,000
Assigned for capital projects and emergency	(250,000)	(250,000)	-	250,000
	<u>(474,502)</u>	<u>(600,000)</u>	<u>-</u>	<u>600,000</u>
Net change in fund balance	-	-	645,903	645,903
<b>Fund Balance, October 1, 2016</b>	<u>4,791,006</u>	<u>4,791,006</u>	<u>4,791,006</u>	<u>-</u>
<b>Fund Balance, September 30, 2017</b>	<u>\$ 4,791,006</u>	<u>\$ 4,791,006</u>	<u>\$ 5,436,909</u>	<u>\$ 645,903</u>

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

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

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	<u>Water and Sewer Fund</u>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 17,470,804
Investments	2,263,517
Accounts receivable	1,376,313
Due from other governments	143,572
Accrued interest receivable	7,441
Prepaid items	8,329
Restricted cash and cash equivalents	5,074,425
Noncurrent assets:	
Depreciable (net)	54,875,464
Nondepreciable	<u>1,576,839</u>
Total assets	<u>82,796,704</u>
<b>Deferred Outflows of Resources:</b>	
Deferred charge on refunding	<u>1,715,296</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	258,779
Accrued expenses	105,437
Due to general fund	1,416
Contracts payable	155,045
Compensated absences payable	125,337
Customer deposits	566,080
Payable from restricted assets:	
Accrued interest payable	424,509
Current portion of bonds payable	1,545,000
Noncurrent liabilities:	
Net OPEB obligation	255,067
Compensated absences payable	120,960
Bonds payable	<u>40,210,000</u>
Total liabilities	<u>43,767,630</u>
<b>Net Position:</b>	
Net investment in capital assets	14,697,303
Restricted for renewal and replacement	4,000,757
Restricted for debt service	1,073,668
Unrestricted	<u>20,972,642</u>
Total net position	<u>\$ 40,744,370</u>

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

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

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	<u>Water and Sewer Fund</u>
<b>Operating Revenues:</b>	
Charges for services:	
Water	\$ 6,608,374
Sewer	5,913,198
Contract personnel fees	70,548
Miscellaneous utility fees	151,132
Technology sharing fees	15,000
Rentals	<u>86,979</u>
Total operating revenues	<u>12,845,231</u>
<b>Operating Expenses:</b>	
Personal services	4,301,361
Materials, supplies and services	2,876,835
Provision for depreciation	<u>4,352,487</u>
Total operating expenses	<u>11,530,683</u>
Operating income	<u>1,314,548</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest income	98,817
Miscellaneous revenue	94,018
Interest expense	<u>(1,421,535)</u>
Total nonoperating revenues (expenses)	<u>(1,228,700)</u>
Change in net position	85,848
<b>Net Position, October 1, 2016</b>	<u>40,658,522</u>
<b>Net Position, September 30, 2017</b>	\$ <u><u>40,744,370</u></u>

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

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

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	<b><u>Water and Sewer Fund</u></b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers and users	\$ 12,665,592
Cash paid to employees for services	(4,250,344)
Cash paid to suppliers for goods and services	<u>(2,624,182)</u>
Net cash provided by (used in) operating activities	<u>5,791,066</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received for miscellaneous activities	<u>94,018</u>
Net cash provided by (used in) noncapital financing activities	<u>94,018</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Interest paid and other fiscal charges	(928,935)
Bond principal payments	(1,075,000)
Purchase of investments	(2,006,031)
Purchase of capital assets	<u>(2,573,781)</u>
Net cash provided by (used in) capital and related financing activities	<u>(6,583,747)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest received	<u>96,843</u>
Net cash provided by (used in) investing activities	<u>96,843</u>
Net increase (decrease) in cash and cash equivalents	(601,820)
<b>Cash and Cash Equivalents, October 1, 2016</b>	<u>23,147,049</u>
<b>Cash and Cash Equivalents, September 30, 2017</b>	\$ <u><u>22,545,229</u></u>

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

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

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	<u>Water and Sewer Fund</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Provided by Operating Activities:</b>	
Operating income	\$ <u>1,314,548</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for depreciation	4,352,487
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(173,324)
(Increase) decrease in due from other governments	(73,452)
(Increase) decrease in prepaid items	291,149
(Increase) decrease in due from general fund	1,045
Increase (decrease) in accounts payable	65,207
Increase (decrease) in accrued expenses	10,460
Increase (decrease) in contracts payable	(31,296)
Increase (decrease) in compensated absences payable	19,748
Increase (decrease) in customer deposits	(6,315)
Increase (decrease) in net OPEB obligation	<u>20,809</u>
Total adjustments	<u>4,476,518</u>
Net cash provided by (used in) operating activities	\$ <u><u>5,791,066</u></u>

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



**Note 1 - Organization and Operations**

The Coral Springs Improvement District (the "District") was incorporated under the provisions of Chapter 70-617, Laws of Florida, for the purpose of constructing and maintaining systems of drainage, flood control and water and sewer utilities within the boundaries of the District. Its utilities currently service approximately 9,500 customers.

**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 consists of identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria also includes 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, fund balance/net position, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the District:

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

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

**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 fund is 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). This budget is a financial plan approved in the manner authorized by law, but not subject to appropriation. The General Fund expenditures exceeded appropriations by \$ 5,438. These over-expenditures were funded by other categories and/or appropriate fund balance, where applicable.

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

**Cash equivalents:** For purposes of the statement of cash flows, the Water and Sewer Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Investments:** Investments are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

**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 items:** 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.

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

**Capital assets:** Capital assets, which include land, buildings, infrastructure, machinery and equipment and construction-in-progress, are reported in the governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District defines capital assets as assets with an initial individual cost of more than \$ 1,000 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 40 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.

**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.

**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 one item that qualifies for reporting in this category. It is a deferred charge on refunding reporting in the proprietary fund and government wide statement of net position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 does not have any items that qualify for reporting in this category.

**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 do not meet the definition of "restricted" or "net investment in capital assets."

**Fund balance:** The District previously adopted 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:

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

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

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

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

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

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

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

**Property tax calendar (assessments):** Property tax assessments are validated 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:

Preceding Fiscal Year:

Enforceable lien date	January 1
Tax roll validated	July 1
Taxes levied	July 15

Current Fiscal Year:

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

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

**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 December 27, 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. These 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 \$ 12,682,235 and the bank balance was \$ 13,043,864. In addition, the District had \$ 500 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 the enterprise fund are governed by Bond Indentures.

Investments as of September 30, 2017 were as follows:

	Investments Measured at Amortized Cost	Maturity
Money Market mutual funds	\$ 15,361,956	N/A
State Board of Administration:		
Florida Prime	1,003,121	51 days
Florida Class	1,002,910	56 days
Certificates of Deposit	<u>257,486</u>	10/1/2018
	<u>\$ 17,625,473</u>	

These deposits and investments are reflected in the accompanying statement of net position as cash and cash equivalents of \$ 27,041,675 and investments of \$ 3,266,533.

**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 by Moody's Investors Service.

**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.

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

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

**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 cash and cash equivalents:** The proprietary fund maintains cash and cash equivalents restricted for the following purposes:

Future debt service	\$ 1,073,668
Renewal and replacement of capital assets	<u>4,000,757</u>
Total restricted cash and cash equivalents	<u>\$ 5,074,425</u>

**Note 4 - Capital Assets**

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

	Balance, October 1, 2016	Additions	Deletions	Transfers	Balance, September 30, 2017
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 101,740	\$ -	\$ (39,200)	\$ 62,540
Land	<u>553,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,200</u>
Total capital assets, not being depreciated	<u>553,200</u>	<u>101,740</u>	<u>-</u>	<u>(39,200)</u>	<u>615,740</u>
Capital assets, being depreciated:					
Infrastructure	12,890,273	-	-		12,890,273
Machinery and equipment	<u>673,741</u>	<u>43,046</u>	<u>-</u>	<u>39,200</u>	<u>755,987</u>
Total capital assets, being depreciated	<u>13,564,014</u>	<u>43,046</u>	<u>-</u>	<u>39,200</u>	<u>13,646,260</u>
Less accumulated depreciation for:					
Infrastructure	6,039,021	306,912	-	-	6,345,933
Machinery and equipment	<u>659,281</u>	<u>14,568</u>	<u>-</u>	<u>-</u>	<u>673,849</u>
Total accumulated depreciation	<u>6,698,302</u>	<u>321,480</u>	<u>-</u>	<u>-</u>	<u>7,019,782</u>
Total capital assets, being depreciated, net	<u>6,865,712</u>	<u>(278,434)</u>	<u>-</u>	<u>39,200</u>	<u>6,626,478</u>
Governmental activities capital assets, net	<u>\$ 7,418,912</u>	<u>\$ (176,694)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,242,218</u>

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

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

	Balance, October 1, 2016	Additions	Deletions	Transfers	Balance, September 30, 2017
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 1,204,075	\$ 2,268,256	\$ -	\$ (2,652,229)	\$ 820,102
Easement	394,998	-	-	-	394,998
Land	361,739	-	-	-	361,739
	<u>1,960,812</u>	<u>2,268,256</u>	<u>-</u>	<u>(2,652,229)</u>	<u>1,576,839</u>
Total capital assets, not being depreciated					
Capital assets, being depreciated:					
Infrastructure	125,322,219	255,235	-	2,646,274	128,223,728
Buildings	1,615,917	-	-	-	1,615,917
Machinery and equipment	3,816,509	50,290	-	5,955	3,872,754
	<u>130,754,645</u>	<u>305,525</u>	<u>-</u>	<u>2,652,229</u>	<u>133,712,399</u>
Total capital assets, being depreciated					
Less accumulated depreciation for:					
Infrastructure	71,055,939	4,009,401	-	-	75,065,340
Buildings	1,427,818	20,691	-	-	1,448,509
Machinery and equipment	2,000,691	322,395	-	-	2,323,086
	<u>74,484,448</u>	<u>4,352,487</u>	<u>-</u>	<u>-</u>	<u>78,836,935</u>
Total accumulated depreciation					
Total capital assets, being depreciated, net					
	<u>56,270,197</u>	<u>(4,046,962)</u>	<u>-</u>	<u>2,652,229</u>	<u>54,875,464</u>
Business-type activities capital assets, net					
	<u>\$ 58,231,009</u>	<u>\$ (1,778,706)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,452,303</u>

Provision for depreciation was charged to functions as follows:

Total provision for depreciation - governmental activities	\$ <u>321,480</u>
Total provision for depreciation - business-type activities	\$ <u>4,352,487</u>

**Note 5 - Commitments**

The District has various ongoing construction contracts. As of September 30, 2017, commitments on uncompleted construction contracts totaled \$ 865,706.

**Note 6 - Debt**

a. Summary of debt of business-type activities:

Debt at September 30, 2017 included the following:

\$ 42,830,000 Series 2016 Water and Sewer Refunding Revenue Bonds, due in annual installments through June 2031, at which time a balloon payment of \$ 17,530,000 plus interest will be due; interest is payable semi-annually at a fixed rate of 3.05%.

\$ 41,755,000

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

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**Note 6 - Debt (continued)**

The following is a summary of the changes that occurred in the Water and Sewer Fund debt during the year ended September 30, 2017:

	Balance, October 1, 2016	Additions	Deletions	Provision for Amortization	Balance, September 30, 2017	Due Within One Year
Series 2016 Bond	\$ 42,830,000	\$ -	\$ 1,075,000	\$ 122,521	\$ 41,755,000	\$ 1,545,000
	<u>\$ 42,830,000</u>	<u>\$ -</u>	<u>\$ 1,075,000</u>	<u>\$ 122,521</u>	<u>\$ 41,755,000</u>	<u>\$ 1,545,000</u>

b. Summary of significant bond terms of business-type activities:

The Bonds are payable from the net revenues of the water and sewer system of the District. The District covenants to maintain utility rates which will be sufficient to pay its operating expenses and 110% of the annual required principal and interest on the Bonds. The Bondholder requires the District to maintain deposits with a minimum required balance of \$ 3,000,000. The Series 2016 Bonds maturing after June 1, 2026 are subject to redemption prior to maturity at the option of the District. The Series 2016 Bonds maturing on June 1, 2017 through June 1, 2031 are subject to mandatory sinking fund redemption as outlined in the Bond Indenture. In addition, the Bonds established a Renewal and Replacement Fund as discussed in Note 7.

c. The annual debt service requirements are as follows:

Year Ending September 30,	Principal	Interest	Total
2018	\$ 1,545,000	\$ 1,273,528	\$ 2,818,528
2019	1,595,000	1,226,406	2,821,406
2020	1,640,000	1,177,756	2,817,756
2021	1,695,000	1,127,736	2,822,736
2022	1,745,000	1,076,040	2,821,040
2023-2027	9,545,000	4,549,382	14,094,382
2028-2031	23,990,000	2,536,682	26,526,682
	<u>\$ 41,755,000</u>	<u>\$ 12,967,530</u>	<u>\$ 54,722,530</u>

**Note 7 - Restricted Net Position**

**Proprietary Fund:** The 2016 Series Bonds established a Renewal and Replacement Account to be used for the purpose of paying the costs of nonrecurring maintenance expenditures, extensions, improvements or additions to, or the replacement of the water and sewer system. The minimum required balance for the Renewal and Replacement Account is \$ 1,000,000. The balance in the Renewal and Replacement Account at September 30, 2017 was \$ 4,000,757 which is reflected as restricted net position in the accompanying statement of net position for the proprietary fund.



**Note 8 - 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 accumulated liability for the unused compensated absences at September 30, 2017 of the General Fund is considered to be payable from future resources and, accordingly, is only recorded in the governmental activities column of the statement of net position.

The following is a schedule of the changes in compensated absences of the governmental activities:

	Balance, October 1, 2016	Net increase (decrease)	Balance, September 30, 2017	Due within one year
Vacation time	\$ 40,094	\$ 3,974	\$ 44,068	\$ 18,530
Total	<u>\$ 40,094</u>	<u>\$ 3,974</u>	<u>\$ 44,068</u>	<u>\$ 18,530</u>

The following is a schedule of the changes in compensated absences of the Proprietary Fund:

	Balance, October 1, 2016	Net increase (decrease)	Balance, September 30, 2017	Due within one year
Vacation time	\$ 226,549	\$ 19,748	\$ 246,297	\$ 125,337
Total	<u>\$ 226,549</u>	<u>\$ 19,748</u>	<u>\$ 246,297</u>	<u>\$ 125,337</u>

**Note 9 - Retirement Plan**

The District has a defined contribution pension plan qualified under Sections 401(a), 403(a), and 501(a) of the Internal Revenue Code. The Plan is administered by independent trustees. All employees who meet the three consecutive months of employment are qualified to participate. All contributions to the plan are fully funded through employer contributions. Total salaries for the year were \$ 3,438,220. Total salaries of qualified participants were \$ 3,260,780. Each participant's non-forfeitable percentage of his employer's contribution account relating to contributions up to 6% of compensation increases (vests) at 20% for each year of plan participation. The remainder of the employer's contribution account for contributions in excess of 6% of compensation, increases (vests) immediately.

The District has a deferred compensation plan qualified under Section 457(b) of the Internal Revenue code. The Plan is administered by an independent trustee. All full time employees who meet the three consecutive months of employment and are of 18 years of age are qualified to participate. All contributions to the plan are fully funded through employee payroll deduction. Total salaries for the year were \$ 3,438,220. Total salaries of qualified participants were \$ 3,235,754.

Employer contributions for the year, less forfeitures from terminated employees, totaled \$ 361,249 and are included in personal services of the General and Water and Sewer Funds.

**Note 10 - Post-Employment Benefits**

*Funding Policy*

The District provides no post-retirement benefits to retired employees but is required by state law to provide the availability for retirees to enroll in the health plan offered to its employees on a cost reimbursement basis.

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	48,000
Interest on net OPEB obligation	11,000
Adjustment to annual required contribution	<u>(23,000)</u>
Annual OPEB cost	36,000
Contributions made (credit for implied subsidy)	<u>(11,000)</u>
Increase in net OPEB obligation	25,000
Net OPEB obligation - beginning of year	271,000
Net OPEB obligation - end of year	\$ <u><u>296,000</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, 2017 was:

Annual OPEB cost	\$ 36,000
Percentage of OPEB cost contributed	31%
Net OPEB obligation	\$ <u><u>296,000</u></u>

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

*Funded Status and Funding Progress*

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

Actuarial accrued liability	\$ 243,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 243,000</u>
Funded ratio	-
Covered payroll	<u>\$ 3,297,000</u>
UAAL as a percentage of covered payroll	7.4%

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	April 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 rates	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 losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District carries commercial insurance to handle these various risks of losses.

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.

REQUIRED  
SUPPLEMENTAL INFORMATION

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

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)*</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
10/1/2012	\$ -	\$ 295,000	\$ 295,000	0%	\$ 2,742,000	10.8%
10/1/2014	\$ -	\$ 249,000	\$ 249,000	0%	\$ 2,906,000	8.6%
4/1/2016	\$ -	\$ 243,000	\$ 243,000	0%	\$ 3,297,000	7.4%

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

OTHER  
FINANCIAL INFORMATION

**Coral Springs Improvement District  
Schedule of Operating Expenses by Department - Proprietary Fund  
For the Year Ended September 30, 2017**

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	<u>Water and Sewer Fund</u>
<b>Administrative Operations:</b>	
Personal services	\$ 1,245,909
Materials, supplies and services	468,806
Provision for depreciation	<u>20,127</u>
Total administrative operations	<u>1,734,842</u>
<b>Plant Operations:</b>	
Personal services	1,998,442
Materials, supplies and services	1,883,067
Provision for depreciation	<u>3,451,152</u>
Total plant operations	<u>7,332,661</u>
<b>Field Operations:</b>	
Personal services	1,057,010
Materials, supplies and services	524,962
Provision for depreciation	<u>881,208</u>
Total field operations	<u>2,463,180</u>
Total operating expenses	\$ <u><u>11,530,683</u></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  
Coral Springs Improvement District  
Coral Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Coral Springs Improvement District (the "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
December 27, 2017

## INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

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

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

We have audited the financial statements of Coral Springs Improvement District (the "District"), as of and for the year ended September 30, 2017, and have issued our report thereon dated December 27, 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 Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 27, 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 and recommendations made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Coral Springs Improvement District was established under the laws of the State of Florida in Chapter 70-617, as amended. The District does not have any component units.

### **Financial Condition and Management**

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

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

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

### **Monthly Financial Statements**

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

### **Transparency**

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

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

**Additional Matters**

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

**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  
December 27, 2017

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

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

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

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

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

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

*Keefe McCullough*

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
December 27, 2017