

Seminole Improvement District
ANNUAL FINANCIAL REPORT
September 30, 2018

**Seminole Improvement District
ANNUAL FINANCIAL REPORT**

September 30, 2018

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Seminole Improvement District
Palm Beach County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Seminole Improvement District as of and for the year ended September 30, 2018, and the related notes to 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 an opinion 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 standards applicable to financial audits contained in *Government Accounting 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 opinion.

Fort Pierce / Stuart

To the Board of Supervisors
Seminole Improvement District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Seminole Improvement District, as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity 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 Discussion and Analysis 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 Seminole Improvement District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 29, 2019

**Seminole Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

Management's discussion and analysis of Seminole 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.

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 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 financial statements* provide additional information concerning the District's finances.

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 assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer usage.

The **statement of net position** presents information on all assets, liabilities and deferred outflows of the District, with the difference between assets and liabilities reported as net position. Net position are 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 and related program revenues are reported by major function, 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 general government, physical environment, and interest on long term debt. Business-type activities of the District include the water and sewer operation and interest on long term debt.

Fund financial statements present financial information for governmental funds and enterprise funds. These statements provide financial information for the major and other governmental funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The Water and Sewer 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.

**Seminole Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. For the Water and Sewer fund, a **statement of net position**, a **statement of revenues, expenses, and changes 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 or to comply with legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *Notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2018.

- ◆ The District's total assets exceeded total liabilities by \$27,088,891 (net position). Net investment in capital assets for Governmental Activities was \$18,436,098. Net investment in capital assets for Business-type Activities was \$9,622,214. Unrestricted net position for Governmental Activities was \$1,170,324 and for Business-type Activities was \$(2,139,745).
- ◆ Governmental activities revenues totaled \$3,489,336 while governmental activities expenses totaled \$1,240,701. Business-type activities revenues totaled \$4,055,615 while business-type expenses totaled \$922,645.

**Seminole Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 2,164,219	\$ 1,090,852 *	\$ 3,271,161	\$ 3,071,450 *	\$ 5,435,380	\$ 4,162,302
Restricted assets	-	-	32,220	-	32,220	-
Capital assets	19,139,077	19,150,623 *	10,419,235	2,752,905 *	29,558,312	21,903,528
Total Assets	21,303,296	20,241,475	13,722,616	5,824,355	35,025,912	26,065,830
Current liabilities	993,895	2,180,789 *	5,443,126	677,835 *	6,437,021	2,858,624
Non-current liabilities	702,979	702,979	797,021	797,021	1,500,000	1,500,000
Total Liabilities	1,696,874	2,883,768	6,240,147	1,474,856	7,937,021	4,358,624
Net Position						
Net investment in capital assets	18,436,098	18,447,644 *	9,622,214	1,955,884 *	28,058,312	20,403,528
Net position - unrestricted	1,170,324	(1,089,857) *	(2,139,745)	2,393,615 *	(969,421)	1,303,758
Total Net Position	\$ 19,606,422	\$ 17,357,787 *	\$ 7,482,469	\$ 4,349,499 *	\$ 27,088,891	\$ 21,707,286

*Restated

Current assets for governmental activities increased due to an increase in internal balances related to the sale of an easement.

Current liabilities for governmental activities decreased because contracts and retainage payable related to the construction project were substantially paid in full in the current year.

Current liabilities increased for business-type activities due to the Developer exchanging utility improvements for future connection fee credits.

Capital assets and net investment in capital assets for business-type activities increased primarily due to the additions to construction in progress in the current year.

Current liabilities for business-type activities increased primarily due to an increase in accounts payable and retainage payable.

**Seminole Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

Change In Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for services	\$ 2,438,309	\$ 945,115	\$ 1,130,825	\$ 480,602	\$ 3,569,134	\$ 1,425,717
Capital contributions	-	14,084,303 *	2,922,698	697,671 *	2,922,698	14,781,974
General Revenues						
Investment earnings	4,289	3,530	18	4	4,307	3,534
Other revenues	1,046,738	171	2,074	25	1,048,812	196
Total Revenues	<u>3,489,336</u>	<u>15,033,119</u>	<u>4,055,615</u>	<u>1,178,302</u>	<u>7,544,951</u>	<u>16,211,421</u>
Expenses						
General government	712,910	398,651	-	-	712,910	398,651
Physical environment	492,642	367,039	-	-	492,642	367,039
Water and sewer	-	-	882,794	636,291	882,794	636,291
Interest on long-term debt	35,149	22,737	39,851	19,972	75,000	42,709
Total Expenses	<u>1,240,701</u>	<u>788,427</u>	<u>922,645</u>	<u>656,263</u>	<u>2,163,346</u>	<u>1,444,690</u>
Change in Net Position	2,248,635	14,244,692	3,132,970	522,039	5,381,605	14,766,731
Net Position - Beginning of Year	<u>17,357,787</u>	<u>3,113,095</u>	<u>4,349,499</u>	<u>3,827,460</u>	<u>21,707,286</u>	<u>6,940,555</u>
Net Position - End of Year	<u>\$ 19,606,422</u>	<u>\$ 17,357,787 *</u>	<u>\$ 7,482,469</u>	<u>\$ 4,349,499 *</u>	<u>\$ 27,088,891</u>	<u>\$ 21,707,286</u>

* Restated

Charges for services for governmental activities increased primarily due to the increase in special assessments in the current year.

Capital contributions for governmental activities decreased due to the reduction in capital improvements within the District in the current year.

**Seminole Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The increase in other revenues for governmental activities in the current year is related to the sale of an easement.

The increase in water and sewer revenues and expenses for business type activities is related to the ongoing new development in the District.

The increase in capital contributions for business-type activities is related to the capital improvements in the current year.

Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity as of September 30, 2018 and 2017.

Description	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Construction in progress	\$ 15,578,761	\$ 15,578,761 *	\$ 6,683,711	\$ 1,898,841 *	\$ 22,262,472	\$ 17,477,602
Land and improvements	3,365,800	3,365,800	86,937	86,937	3,452,737	3,452,737
Improvements other than building	636,046	636,046	3,888,871	901,343	4,524,917	1,537,389
Equipment	312,158	301,302	1,345,764	1,193,497	1,657,922	1,494,799
Accumulated depreciation	(753,688)	(731,286)	(1,586,048)	(1,327,713)	(2,339,736)	(2,058,999)
Total Capital Assets (Net)	<u>\$ 19,139,077</u>	<u>\$ 19,150,623</u>	<u>\$ 10,419,235</u>	<u>\$ 2,752,905</u>	<u>\$ 29,558,312</u>	<u>\$ 21,903,528</u>

*Restated

During the year, depreciation for governmental activities was \$22,402 and \$258,335 for business-type activities. Governmental activities added equipment of \$10,856 and business-type activities added construction in progress of \$4,784,870, waterlines of \$2,987,528, equipment of \$152,267.

General Fund Budgetary Highlights

The budget exceeded governmental expenditures primarily because less capital outlay and landscaping expenditures were incurred than anticipated.

The budget for September 30, 2018 was not amended.

**Seminole Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management

Governmental Activities debt includes the following:

- ◆ In October 2015, the District issued a bond anticipation note in the amount of \$5,000,000. Note proceeds were distributed between Governmental Activities and Business-type Activities. The balances at September 30, 2018 for Governmental Activities and Business-type Activities were \$702,979 and \$797,021, respectively.

Economic Factors and Next Year's Budget

In fiscal year 2019, Seminole Improvement District expects to continue the construction of certain improvements within the District.

Request for Information

This financial report is designed to provide homeowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Seminole Improvement District, Inframark Infrastructure Management Services at 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

Seminole Improvement District
STATEMENT OF NET POSITION
September 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and equivalents	\$ 398,344	\$ 1,452,336	\$ 1,850,680
Accounts receivable	-	398,381	398,381
Due from other governments	17,989	-	17,989
Due from developer	-	3,158,718	3,158,718
Prepaid expenses	6,615	2,997	9,612
Internal balances	1,741,271	(1,741,271)	-
Total Current Assets	<u>2,164,219</u>	<u>3,271,161</u>	<u>5,435,380</u>
Non-current Assets			
Restricted assets			
Cash restricted for customer deposits	-	32,220	32,220
Capital assets not being depreciated			
Construction in progress	15,578,761	6,683,711	22,262,472
Land and improvements	3,365,800	86,937	3,452,737
Capital assets being depreciated			
Improvements other than building	636,046	3,888,871	4,524,917
Equipment	312,158	1,345,764	1,657,922
Less: accumulated depreciation	(753,688)	(1,586,048)	(2,339,736)
Total Non-current Assets	<u>19,139,077</u>	<u>10,451,455</u>	<u>29,590,532</u>
Total Assets	<u>21,303,296</u>	<u>13,722,616</u>	<u>35,025,912</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	197,557	57,126	254,683
Contracts and retainage payable	627,024	810,561	1,437,585
Accrued interest	69,314	68,187	137,501
Customer deposits, payable from restricted assets	-	32,220	32,220
Unearned revenue	100,000	4,475,032	4,575,032
Total Current Liabilities	<u>993,895</u>	<u>5,443,126</u>	<u>6,437,021</u>
Non-current Liabilities			
Bond anticipation notes payable	702,979	797,021	1,500,000
Total Liabilities	<u>1,696,874</u>	<u>6,240,147</u>	<u>7,937,021</u>
NET POSITION			
Net investment in capital assets	18,436,098	9,622,214	28,058,312
Unrestricted	1,170,324	(2,139,745)	(969,421)
Total Net Position	<u>\$ 19,606,422</u>	<u>\$ 7,482,469</u>	<u>\$ 27,088,891</u>

See accompanying notes to financial statements.

**Seminole Improvement District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	
Governmental Activities						
General government	\$ (712,910)	\$ 1,469,209	\$ -	\$ 756,299	\$ -	\$ 756,299
Physical environment	(492,642)	969,100	-	476,458	-	476,458
Interest on long-term debt	(35,149)	-	-	(35,149)	-	(35,149)
Total Governmental Activities	(1,240,701)	2,438,309	-	1,197,608	-	1,197,608
Business-type Activities						
Water and sewer utilities	(882,794)	1,130,825	2,922,698	-	3,170,729	3,170,729
Interest on long-term debt	(39,851)	-	-	-	(39,851)	(39,851)
Total Business-type Activities	(922,645)	1,130,825	2,922,698	-	3,130,878	3,130,878
Total Primary Government	\$ (2,163,346)	\$ 3,569,134	\$ 2,922,698	1,197,608	3,130,878	4,328,486
		General Revenues				
		Investment earnings		4,289	18	4,307
		Other revenues		1,046,738	2,074	1,048,812
		Total General Revenues		1,051,027	2,092	1,053,119
		Change in Net Position		2,248,635	3,132,970	5,381,605
		Net Position - October 1, 2017		17,357,787	4,349,499	21,707,286
		Net Position - September 30, 2018		\$ 19,606,422	\$ 7,482,469	\$ 27,088,891

See accompanying notes to financial statements.

**Seminole Improvement District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

	General
ASSETS	
Cash	\$ 398,344
Due from other funds	1,741,271
Due from other governments	17,989
Prepaid expenses	6,615
Total Assets	\$ 2,164,219
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued expenses	\$ 197,557
Contracts and retainage payable	627,024
Unearned revenue	100,000
Total Liabilities	924,581
Fund Balances:	
Nonspendable - prepaid expenses	6,615
Assigned - operating reserves	296,883
Unassigned	936,140
Total Fund Balances	1,239,638
Total Liabilities and Fund Balances	\$ 2,164,219

See accompanying notes to financial statements.

Seminole Improvement District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2018

Total Governmental Fund Balances	\$ 1,239,638
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, land and improvements, \$3,365,800, and construction in progress, \$15,578,761, used in governmental activities are not current financial resources and; therefore, are not reported at the fund level.	18,944,561
Capital assets being depreciated, improvements other than building, \$636,046; and equipment, \$312,158; net of accumulated depreciation, \$(753,688) used in governmental activities are not current financial resources and; therefore, are not reported at the fund level.	194,516
Long-term liabilities, including bond anticipation note payable, are not due and payable in the current period and; therefore, are not reported at the fund level.	(702,979)
Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported at the fund level.	<u>(69,314)</u>
Net Position of Governmental Activities	<u><u>\$19,606,422</u></u>

See accompanying notes to financial statements.

Seminole Improvement District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	<u>General</u>
Revenues	
Special assessments	\$ 2,286,990
Licenses and permits	151,319
Intergovernmental revenues	6,480
Investment earnings	4,289
Other revenues	1,040,258
Total Revenues	3,489,336
Expenditures	
Current	
General government	712,910
Physical environment	470,240
Capital outlay	10,856
Total Expenditures	1,194,006
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	2,295,330
Fund Balances - October 1, 2017	(1,055,692)
Fund Balances - September 30, 2018	\$ 1,239,638

See accompanying notes to financial statements.

Seminole Improvement District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 2,295,330
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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 allocated over their estimated useful lives as depreciation. This is the amount capital outlay (\$10,856) was exceeded by depreciation (\$(22,402)) in the current period.	(11,546)
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Accrued interest expense is reported in the Statement of Activities but in governmental funds interest expenditures are reported when due. This is the net amount between current year and prior year accruals.	<u>(35,149)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 2,248,635</u></u>
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See accompanying notes to financial statements.

Seminole Improvement District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 2,350,532	\$ 2,350,532	\$ 2,286,990	\$ (63,542)
Licenses and permits	35,000	35,000	151,319	116,319
Developer contributions	5,000,000	5,000,000	-	(5,000,000)
Intergovernmental revenues	-	-	6,480	6,480
Investment earnings	2,000	2,000	4,289	2,289
Other revenues	-	-	1,040,258	1,040,258
Total Revenues	<u>7,387,532</u>	<u>7,387,532</u>	<u>3,489,336</u>	<u>(3,898,196)</u>
Expenditures				
Current				
General government	444,243	444,243	712,910	(268,667)
Physical environment	693,289	693,289	470,240	223,049
Capital outlay	<u>6,250,000</u>	<u>6,250,000</u>	<u>10,856</u>	<u>6,239,144</u>
Total Expenditures	<u>7,387,532</u>	<u>7,387,532</u>	<u>1,194,006</u>	<u>6,193,526</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	-	-	2,295,330	2,295,330
Fund Balances - October 1, 2017	<u>632,906</u>	<u>632,906</u>	<u>(1,055,692)</u>	<u>(1,688,598)</u>
Fund Balances - September 30, 2018	<u>\$ 632,906</u>	<u>\$ 632,906</u>	<u>\$ 1,239,638</u>	<u>\$ 606,732</u>

See accompanying notes to financial statements.

**Seminole Improvement District
STATEMENT OF NET POSITION
WATER & SEWER FUND
September 30, 2018**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,452,336
Accounts receivable	398,381
Prepaid expense	2,997
Due from developer	3,158,718
Total Current Assets	5,012,432

Non-current Assets:

Restricted Assets:

Cash restricted for customer deposits	32,220
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Capital Assets:

Construction in progress	6,683,711
Land and improvements	86,937
Improvements other than building	3,888,871
Equipment	1,345,764
Accumulated depreciation	(1,586,048)
Total Non-current Assets	10,451,455
Total Assets	15,463,887

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	57,126
Contracts and retainage payable	810,561
Due to other funds	1,741,271
Accrued interest	68,187
Customer deposits, payable from restricted assets	32,220
Unearned revenue	4,475,032
Total Current Liabilities	7,184,397

Non-current Liabilities:

Bond anticipation note payable	797,021
Total Liabilities	7,981,418

NET POSITION

Net investment in capital assets	9,622,214
Unrestricted	(2,139,745)
Total Net Position	\$ 7,482,469

See accompanying notes to financial statements.

Seminole Improvement District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION – WATER & SEWER FUND
For the Year Ended September 30, 2018

Operating Revenues	
Charges for Services	
Water and sewer charges	\$ 1,130,825
Other miscellaneous revenues	2,074
Total Operating Revenues	<u>1,132,899</u>
 Operating Expenses	
Water and sewer services	576,924
Personnel and administrative	305,870
Total Operating Expenses	<u>882,794</u>
 Operating Income/(Loss)	<u>250,105</u>
 Non-operating revenues/(expenses)	
Interest expense	(39,851)
Interest earnings	18
Total Non-operating Revenues/(Expenses)	<u>(39,833)</u>
 Income (loss) before contributions	210,272
 Capital contributions	<u>2,922,698</u>
 Change in Net Position	3,132,970
 Net Position - October 1, 2017	<u>4,349,499</u>
 Net Position - September 30, 2018	<u><u>\$ 7,482,469</u></u>

See accompanying notes to financial statements.

Seminole Improvement District
STATEMENT OF CASH FLOWS
WATER & SEWER FUND
For The Year Ended September 30, 2018

	Water & Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 802,431
Cash paid to suppliers	<u>(688,853)</u>
Net Cash Provided By Operating Activities	<u>113,578</u>
Cash Flows From Capital Activities and Related Financing Activities	
Investment in capital assets	(3,826,047)
Capital contributions	<u>2,922,698</u>
Net Cash Flows From Capital Activities and Related Financing Activities	<u>(903,349)</u>
Cash Flows From Internal Activity	
Cash received for other funds	<u>1,583,303</u>
Cash Flows From Investing Activities	
Interest income	<u>18</u>
Net increase in cash and equivalents	793,550
Cash and equivalents, October 1, 2017	<u>691,006</u>
Cash and equivalents, September 30, 2018	<u><u>\$ 1,484,556</u></u>
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities:	
Operating income	\$ 250,105
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	258,335
Changes in assets and liabilities:	
Increase in accounts receivable	(363,942)
Increase in prepaid expenses	(2,997)
Decrease in due from other governments	1,504
Decrease in accounts payable	(61,397)
Increase in customer deposits	31,970
Total Adjustments	<u>(136,527)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 113,578</u></u>

See accompanying notes to financial statements.

Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF ACCOUNTING POLICIES

The financial statements of Seminole Improvement District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

1. Reporting Entity

The District was established in 1970 pursuant to Chapter 70-854, Laws of Florida as Seminole Water Control District and was codified pursuant to Chapter 2000-431, Laws of Florida and its name was changed to Seminole Improvement District. The District is empowered to provide public infrastructure for water control and management, potable water, sewer, parking and transportation, culture and recreation, mosquito and arthropod control, education, public safety, fire control, wildlife conservation and public relations among other powers. The District currently provides irrigation, drainage, potable water and sewer and road maintenance services. The District is governed by a three member Board of Supervisors, who are elected for a three year term by the landowners of the District.

As required by GAAP, these financial statements present the Seminole Improvement District (the primary government), as a stand-alone government. The reporting entity for the District includes all functions of government in which the District’s Board exercises oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

a. Government-wide Financial Statements

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements (Continued)

Governmental activities which normally are supported by special assessments, rents and interest, are reported separately from business-type activities. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate 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 equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Enterprise Funds

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB and AICPA pronouncements, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

a. Governmental Major Funds

General Fund

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government; except those required to be accounted for in another fund.

b. Enterprise Major Fund

Water and Sewer Fund

The water and sewer fund accounts for the operations that provide water and sewer utility services within the District.

c. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds be reported in the governmental activities column in the government-wide statement of net position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances”.

c. Restricted Assets

Certain net position of the District are classified as restricted on the Statement of Net Position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

d. Capital Assets

Capital assets, which include land, improvements other than building, and equipment, are reported in the applicable governmental or business-type activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Improvements other than building	15-40 years
Equipment	5-40 years

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

e. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$1,239,638, differs from “net position” of governmental activities, \$19,606,422, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated as follows.

Capital related items

When capital assets (property, plant and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the District as a whole.

Construction in progress	\$ 15,578,761
Land and improvements	3,365,800
Improvements other than buildings	636,046
Equipment	312,158
Accumulated depreciation	(753,688)
Total	\$ 19,139,077

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Bonds anticipation note payable	\$ <u>(702,979)</u>
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Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to accrued interest on bonds.

Accrued interest	\$ <u>(69,314)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for government funds, \$2,295,330, differs from the "change in net position" for governmental activities, \$2,248,635, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated as follows:

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation changed for the year.

Depreciation	\$ (22,402)
Capital outlay	10,856
Total	<u>\$ (11,546)</u>

Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)

Long-term debt transactions

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	<u>\$ (35,149)</u>
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NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. The District does, however, follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2018, the District's bank balance was \$1,972,729 and the carrying value was \$1,882,750. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices.

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund.

The District did not have any investments at September 30, 2018.

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessment revenues recognized for the 2017-2018 fiscal year were levied in October 2017. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 15,578,761	\$ -	\$ -	\$ 15,578,761
Land and improvements	3,365,800	-	-	3,365,800
Total Capital Assets, Not Being Depreciated	<u>18,944,561</u>	<u>-</u>	<u>-</u>	<u>18,944,561</u>
Capital assets, being depreciated:				
Improvements other than building	636,046	-	-	636,046
Equipment	301,302	10,856	-	312,158
Total Capital Assets, Being Depreciated	<u>937,348</u>	<u>10,856</u>	<u>-</u>	<u>948,204</u>
Less accumulated depreciation for:				
Improvements other than building	(467,651)	(14,643)		(482,294)
Equipment	(263,635)	(7,759)	-	(271,394)
Total Accumulated Depreciation	<u>(731,286)</u>	<u>(22,402)</u>	<u>-</u>	<u>(753,688)</u>
Total Capital Assets Depreciated, Net	<u>206,062</u>	<u>(11,546)</u>	<u>-</u>	<u>194,516</u>
Governmental Activities Capital Assets	<u>\$ 19,150,623</u>	<u>\$ (11,546)</u>	<u>\$ -</u>	<u>\$ 19,139,077</u>

Depreciation of \$22,402 was charged to physical environment.

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE E – CAPITAL ASSETS (CONTINUED)

During a prior year, the District enter into an agreement with the developer in which the developer agreed to provide funding for all costs associated with permitting, design, and construction for the expansion of Seminole Pratt Whitney Road within the District boundaries to a four lane divided roadway. The total estimated construction cost for this project is \$16,000,000.

Capital Asset activity for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,898,841	\$ 4,784,870	\$ -	\$ 6,683,711
Land and improvements	86,937	-	-	86,937
Total Capital Assets, Not Depreciated	<u>1,985,778</u>	<u>4,784,870</u>	<u>-</u>	<u>6,770,648</u>
Capital assets, being depreciated:				
Improvements other than buildings	901,343	2,987,528	-	3,888,871
Equipment	1,193,497	152,267	-	1,345,764
Total Capital Assets, Being Depreciated	<u>2,094,840</u>	<u>3,139,795</u>	<u>-</u>	<u>5,234,635</u>
Less accumulated depreciation for:				
Improvements other than buildings	(521,753)	(158,977)	-	(680,730)
Equipment	(805,960)	(99,358)	-	(905,318)
Total Accumulated Depreciation	<u>(1,327,713)</u>	<u>(258,335)</u>	<u>-</u>	<u>(1,586,048)</u>
Total Capital Assets Depreciated, Net	<u>767,127</u>	<u>2,881,460</u>	<u>-</u>	<u>3,648,587</u>
Business-type Activities Capital Assets	<u>\$ 2,752,905</u>	<u>\$ 7,666,330</u>	<u>\$ -</u>	<u>\$ 10,419,235</u>

Depreciation of \$258,335 was charged to water and sewer.

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE F – LONG-TERM DEBT

In October 2015, the board approved a resolution authorizing the issuance of Special Assessment Revenue Bonds not to exceed \$65,000,000 in principal amount for the purpose of financing certain capital expenditures. In December 2015, the District issued a bond anticipation note for a principal amount of \$5,000,000 from the developer in anticipation of the issuance of the bonds at a 5 percent interest rate. The principal outstanding along with accrued interest is due the earlier of the maturity date of December 16, 2018 or upon issuance of authorized but unissued Special Assessment Revenue Bonds. As of September 30, 2018, the District had borrowed \$1,500,000 from the Developer for short-term cash flow in anticipation of the issuance of the bonds noted above.

NOTE G – 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 government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE H – RESTATEMENT OF NET POSTION/FUND BALANCE

Net position for Governmental activities and Business-type activities/Water and Sewer Fund and fund balance for the General Fund were restated to properly reflect construction in progress and certain related balances related to the allocation of capital improvements.

Governmental Activities

Net Position, October 1, 2017 as previously reported	\$ 18,153,200
Due from Developer	(404,727)
Internal balances	(97,742)
Construction in progress	(529,949)
Contracts and retainage payable	237,005
Net Position, October 1, 2017, Restated	<u>\$ 17,357,787</u>

Business-type Activities/Water and Sewer Fund

Net Position, October 1, 2017 as previously reported	\$ 3,651,828
Due from Developer	404,727
Internal balances	97,742
Construction in progress	529,949
Contracts and retainage payable	(237,005)
Unearned revenue	(97,742)
Net Position, October 1, 2017, Restated	<u>\$ 4,349,499</u>

**Seminole Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2018**

NOTE H – RESTATEMENT OF NET POSTION/FUND BALANCE (CONTINUED)

General Fund

Fund Balance, October 1, 2017 as previously reported	\$ (790,228)
Due from Developer	(404,727)
Due to/from other funds	(97,742)
Contracts and retainage payable	<u>237,005</u>
Fund Balance, October 1, 2017, Restated	<u>\$ (1,055,692)</u>



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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

To the Board of Supervisors
Seminole Improvement District
Palm Beach County, 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 Seminole Improvement District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Seminole Improvement District's internal control over financial reporting 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 Seminole Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Seminole Improvement District's internal control over financial reporting.

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 over financial reporting 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.

To the Board of Supervisors
Seminole Improvement District
Palm Beach County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seminole Improvement 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.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants
Fort Pierce, Florida

June 29, 2019



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Seminole Improvement District
Palm Beach County, Florida

Report on the Financial Statements

We have audited the financial statements of the Seminole Improvement District as of and for the year ended September 30, 2018, and have issued our report thereon dated June 29, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Florida 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 Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals 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 June 29, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 Seminole Improvement District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Seminole Improvement District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

Fort Pierce / Stuart

To the Board of Supervisors
Seminole Improvement District

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 Seminole Improvement District. It is management's responsibility to monitor the Seminole Improvement District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2018.

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.

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 note 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.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 29, 2019



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

To the Board of Supervisors
Seminole Improvement District
Palm Beach County, Florida

We have examined Seminole Improvement District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2018. Management is responsible for Seminole Improvement District's compliance with those requirements. Our responsibility is to express an opinion on Seminole Improvement 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 Seminole Improvement 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 Seminole Improvement District's compliance with the specified requirements.

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

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 29, 2019