

**TINDALL HAMMOCK IRRIGATION
AND SOIL CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

September 30, 2018

**TINDALL HAMMOCK IRRIGATION AND
SOIL CONSERVATION DISTRICT
September 30, 2018**

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**TINDALL HAMMOCK IRRIGATION AND
SOIL CONSERVATION DISTRICT
September 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Tindall Hammock Irrigation and Soil Conservation District
Fort Lauderdale, 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 and the aggregate remaining fund information of Tindall Hammock Irrigation and Soil Conservation District ("the District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards 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, each major fund, business type activities, and the aggregate remaining fund information of the Tindall Hammock Irrigation and Soil Conservation District, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 3 through 8 and 31 through 33 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 our report dated June 12, 2019, on our consideration of the Tindall Hammock Irrigation and Soil Conservation 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 Tindall Hammock Irrigation and Soil Conservation District's internal control over financial reporting and compliance.

Lerro & Chandoss, PLLC
Certified Public Accountants

June 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2018**

The management of Tindall Hammock Irrigation and Soil Conservation District would like to provide readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2018. Readers are encouraged to consider the information presented in this discussion and analysis in conjunction with the District's basic financial statements, which are contained herein and commence on page 9.

Prior to discussing the financial position of the District, the following information is offered to the readers. The Tindall Hammock Irrigation and Soil Conservation District exists pursuant to the provisions of Ch. 98-523, Laws of Florida, as amended, a Special Act of the Florida Legislature. The District was originally formed in 1951 and today the District manages approximately 780 acres in central Broward County, Florida, and serves a population of approximately 3,123 residents. The District, a special purpose unit of local government, has powers to manage stormwater, and exercise flood control, as well as own and operate utilities. Such powers include the ability to borrow money, and issue bonds or other evidences of indebtedness, to assess and levy upon all the lands in the District annual drainage, administrative and maintenance taxes, and to install and foreclose special assessment liens.

FINANCIAL HIGHLIGHTS

The District's total assets exceeded total liabilities by \$17,933,680 (net position). Unrestricted net position for governmental activities was \$8,791,293 and \$(3,541,347) for business-type activities. The restricted net position for the impact fee fund was \$362,881.

Governmental activities revenues totaled \$990,979 while governmental activities expenses totaled \$332,081. Business – type operating revenues totaled \$2,963,429. Business – type expenses totaled \$2,130,113. Impact fee revenues totaled \$7,441. Impact fee expenses totaled \$0.

DISTRICT HIGHLIGHTS

For fiscal year 2018 the District did not change the millage rate from the 1.9 mills as levied in fiscal year 2017. Given the calculated roll back rate for the period, the effective increase in ad valorem taxes by maintaining the existing millage rate was 12.05%.

During the 2018 fiscal year the District completed the following capital improvement projects:

The District completed several improvements to the storm water system including providing access to the Mule Pasture Pump Station. Additionally, the bid process was completed for the construction of the Haul Road Culvert with work to commence in fiscal year 2018-2019.

Upon completion of the Phase I components of the Capital Plan, the utility continued with significant repairs and deferred maintenance of several components of the older plant to provide proper redundancy. In addition, the design for the Raw Water Well #3 was completed. The bid process for construction of the well was also completed during the year culminating with the drilling completion in April 2018.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

September 30, 2018

DISTRICT HIGHLIGHTS (continued)

The District continued developing or permitting plans for Phase II of the Capital Plan and incorporated these plans in its Fiscal Year 2018/2019 budget. The process is rather lengthy and the District has responded to several requests for additional information from the various permitting agencies. Key components of Phase II include a new raw water well #3, a new internal recycle pump, filter media replacement and repair, water treatment plant control and instrumentation, installation of polymer feed to all clarifiers, installation of sludge drying beds, the purchase of two generators for pump stations, and modification/conversion of the existing aeration basin to MLE. These capital expenditures were identified as being priority projects.

During the budgeting process, several other projects including painting of the entire plant, installation of new pressure sustaining valves, investigation and analysis of 4-log compliance, a new electrical building and an interconnect with the Town of Davie were identified with funds budgeted to begin the process of design and analysis. The District anticipates budgeting for and beginning these projects at some point in the future.

The five-year recertification process was continued for property owners within the District with a total of two five-year renewal certifications completed during the fiscal year. In addition, there were three applications for permits or new certifications completed during the year involving storm water drainage and three development reviews and inspections for water and sewer services. The District continued with the permitting process and related work involving utility easements for new developments within the utility service area.

The District also began the preliminary work on the five-year operational permit from the Florida Department of Environmental Protection which will expire in August of 2019. The annual operating wastewater permit with Broward County was renewed in August of 2018.

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 the 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 the basic financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

September 30, 2018

Government-wide financial statements (continued)

The Statement of Net Position presents information on all assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Net position is reported in three categories: 1) investment in capital assets, net of related debt, 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 assets and liabilities of the fund, changes in current financial resources (revenues and expenditures), and available resources. The Enterprise Fund financial statements provide information on all assets and liabilities of the funds, 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 changes in fund balance for all governmental funds. A statement of revenues, expenditures, and changes in fund balance - budget and actual, is provided for the District's General Fund. For the Enterprise 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 and 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, machinery and equipment, and infrastructure are reported in the statement of net position. All liabilities, including principal outstanding on debt, and future employee benefits, obligated but not paid by the District, are included. The statement of activities includes 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.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

September 30, 2018

Government-wide financial statements (continued)

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, reconciliation is provided.

Notes to the Basic Financial statements

The notes provide additional detail concerning the financial activities and financial balances of the District, information about the accounting practices of the District, investments of the District, and long-term debt. It is important for readers to spend time understanding these notes as they contain important information related to the financial statements.

THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tindall Hammock Irrigation and Soil Conservation District, assets exceeded liabilities by \$17,933,680 at the close of the most recent year. The largest portion of the District's net position (69%) reflects its investments in capital assets (land, buildings, machinery and equipment, and infrastructure). The District uses capital assets to provide services to property owners, residents and businesses; accordingly, these assets are not available for future spending.

The District adopted the fiscal year 2017-2018 General and Proprietary Fund Budgets on November 15, 2017. The District made no amendments to the budget during the fiscal year. Total General Fund expenditures budgeted for the fiscal year ended September 30, 2018, were \$667,810 which excludes capital or proprietary expenditures. Total actual general fund expenditures were \$320,644. The significant difference between budgeted and actual expenditures was largely due to legal fees, engineering fees, machinery, equipment, infrastructure, and contingency events that were budgeted but not expended. Total Proprietary Fund expenditures budgeted for the fiscal year ended September 30, 2018, were \$1,534,290, while the actual Proprietary Fund expenditures were \$1,497,949. The most significant favorable variances occurred in the sludge removal and chemical expense categories as this was the first operational year for the new plant. The capital budget relating to the Fern Crest Water and Wastewater Improvements for the fiscal year 2017-2018 was \$2,345,860 of which \$665,391 was spent. The difference between budgeted and actual capital expenditures relates solely to project timing. Given the uncertainty of the timing of new development activities within the District boundaries, no expenditures from the Impact Fee Fund were budgeted and impact fees of \$7,405 were assessed during the fiscal year.

ACQUISITION OF WATER AND WASTEWATER UTILITY SYSTEM

The District acquired Ferncrest Utilities, Inc. on November 3, 2008, through the issuance of \$1,983,587 of its Ad Valorem Tax Bond Anticipation Notes, Series 2008, as payment of a portion of the purchase price of \$4,240,000.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2018**

GOVERNMENT-WIDE FINANCIAL ASSETS

As noted earlier, net position may serve over time as a useful indicator of financial position. The table below reflects the condensed government-wide statement of net position as of September 30, 2018 and 2017.

	Net Position							
	<u>Governmental Activities</u>		<u>Impact Fee Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2018	2017	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 8,807,731	\$ 8,149,243	\$ 362,881	\$ 355,440	\$ 3,193,303	\$ 2,453,737	\$ 12,363,915	\$ 10,958,420
Capital assets	976,491	987,928	-	-	11,344,362	11,311,135	12,320,853	12,299,063
Total assets	9,784,222	9,137,171	362,881	355,440	14,537,665	13,764,872	24,684,768	23,257,483
Other liabilities	16,438	28,285	-	-	6,734,650	6,795,173	6,751,088	6,823,458
Non-current liabilities	-	-	-	-	-	-	-	-
Total liabilities	16,438	28,285	-	-	6,734,650	6,795,173	6,751,088	6,823,458
Net Position:								
Investment in capital assets,								
Net of related debt	976,491	987,928	-	-	11,344,362	11,311,135	12,320,853	12,299,063
Restricted	-	-	362,881	355,440	-	-	362,881	355,440
Unrestricted	8,791,293	8,120,958	-	-	(3,541,347)	(4,341,436)	5,249,946	3,779,522
Total net position	\$ 9,767,784	\$ 9,108,886	\$ 362,881	\$ 355,440	\$ 7,803,015	\$ 6,969,699	\$ 17,933,680	\$ 16,434,025

Governmental activities increased the District's net position by \$658,898, impact fee activities increased the net position by \$7,441 and business-type activities increased the net position by \$833,316 as reflected in the table below:

	Statement of Activities							
	<u>Governmental Activities</u>		<u>Impact Fee Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues:								
Maintenance taxes, net	\$ 990,016	\$ 891,037	\$ -	\$ -	\$ -	\$ -	\$ 990,016	\$ 891,037
Water and sewer fees	-	-	-	-	2,963,429	2,683,319	2,963,429	2,683,319
Interest and other income	963	3,207	7,441	116	-	-	8,404	3,323
Total revenues	990,979	894,244	7,441	116	2,963,429	2,683,319	3,961,849	3,577,679
Expenses:								
Operations and maintenance	261,355	246,999	-	-	797,162	802,486	1,058,517	1,049,485
Payroll, taxes and benefits	29,913	30,097	-	-	700,787	649,372	730,700	679,469
Depreciation and amortization	40,813	47,357	-	-	632,164	606,401	672,977	653,758
Total expenses	332,081	324,453	-	-	2,130,113	2,058,259	2,462,194	2,382,712
Change in net position	658,898	569,791	7,441	116	833,316	625,060	1,499,655	1,194,967
Net position, beginning of year	9,108,886	8,539,095	355,440	355,324	6,969,699	6,344,639	16,434,025	15,239,058
Net position, end of year	\$ 9,767,784	\$ 9,108,886	\$ 362,881	\$ 355,440	\$ 7,803,015	\$ 6,969,699	\$ 17,933,680	\$ 16,434,025

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2018**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Chairman, H. Collins Forman Jr. at 1323 SE 3rd Avenue, Fort Lauderdale, 33316.

BASIC FINANCIAL STATEMENTS

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

Statement of Net Position

September 30, 2018

ASSETS:	Government Activities	Impact Fee Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 2,456,868	\$ 362,881	\$ 1,963,336	\$ 4,783,085
Accounts receivable	40,745	-	241,990	282,735
Prepaid expenses	-	-	17,844	17,844
Goodwill	-	-	970,133	970,133
Advances to water and sewer fund	6,308,701	-	-	6,308,701
Deposits and other assets	1,417	-	-	1,417
Capital assets being depreciated (net)	976,491	-	10,174,663	11,151,154
Capital assets not being depreciated	-	-	1,169,699	1,169,699
Total assets	9,784,222	362,881	14,537,665	24,684,768
LIABILITIES:				
Accounts payable and accrued expenses	15,308	-	138,097	153,405
Contracts payable	1,130	-	91,879	93,009
Customer deposits	-	-	193,085	193,085
Other liabilities	-	-	2,888	2,888
Advances from general fund	-	-	6,308,701	6,308,701
Total liabilities	16,438	-	6,734,650	6,751,088
NET POSITION:				
Investment in capital assets, net of related debt	976,491	-	11,344,362	12,320,853
Restricted	-	362,881	-	362,881
Unrestricted	8,791,293	-	(3,541,347)	5,249,946
Total net position	\$ 9,767,784	\$ 362,881	\$ 7,803,015	\$ 17,933,680

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Activities
For the fiscal year ended September 30, 2018

	Program Revenues			Net (Expense) Revenue And Change in Net Position				
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Impact Fee Activities	Business Type Activities	Totals
Governmental activities:								
Physical environment	291,268	-	-	-	(291,268)	-	-	(291,268)
Depreciation and amortization	40,813	-	-	-	(40,813)	-	-	(40,813)
Interest expense	-	-	-	-	-	-	-	-
Total governmental activities	332,081	-	-	-	(332,081)	-	-	(332,081)
Impact fee activities:								
Water and sewer	-	7,441	-	-	-	7,441	-	7,441
Total impact fee activities	-	7,441	-	-	-	7,441	-	7,441
Business - type activities:								
Water and sewer	2,130,113	2,963,429	-	-	-	-	833,316	833,316
Total business type activities	2,130,113	2,963,429	-	-	-	-	833,316	833,316
Total government	2,462,194	2,970,870	-	-	(312,081)	7,441	833,316	508,676
				General revenues:				
				Maintenance taxes, net	990,016	-	-	990,016
				Interest and other income	963	-	-	963
					990,979	-	-	990,979
				Change in net position	658,898	7,441	833,316	1,499,655
				Net position, beginning of year	9,108,886	355,440	6,969,699	16,434,025
				Net position, end of year	\$ 9,767,784	362,881	7,803,015	17,933,680

See accompanying notes to financial statements.

**BASIC FINANCIAL STATEMENTS -
FUND**

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Balance Sheet - Governmental Fund
September 30, 2018

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 2,456,868
Advance to Proprietary Fund	6,308,701
Other assets	<u>42,162</u>
Total assets	<u><u>\$ 8,807,731</u></u>
 LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts payable and accrued expenses	\$ 15,308
Contracts payable	<u>1,130</u>
Total liabilities	<u>16,438</u>
 FUND BALANCE:	
Unassigned	<u>8,791,293</u>
Total fund balance	<u>8,791,293</u>
Total liabilities and fund balance	<u><u>\$ 8,807,731</u></u>

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Position
September 30, 2018

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total governmental fund balance		\$	8,791,293
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds:			
Capital assets			1,932,253
Less accumulated depreciation			<u>(955,762)</u>
			<u>976,491</u>
 TOTAL NET POSITION		 \$	 <u>9,767,784</u>

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Governmental Fund
For the fiscal year ended September 30, 2018

	<u>General Fund</u>
General Revenues:	
Maintenance taxes, net of discounts	\$ 990,016
Investment earnings and other income	963
	<hr/>
Total general revenues	990,979
	<hr/>
Expenditures:	
Operations and maintenance	261,355
Capital expenditures	20,876
Payroll, payroll taxes and benefits	29,913
Financing expenses	8,500
	<hr/>
Total expenditures	320,644
	<hr/>
Excess of revenues over expenditures	670,335
	<hr/>
Net change in fund balance	670,335
	<hr/>
Fund balance at beginning of year	8,120,958
	<hr/>
Fund balance at end of year	<u>\$ 8,791,293</u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Fund to the Statement of Activities
For the fiscal year ended September 30, 2018

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES
 IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net change in fund balance - total governmental fund \$ 670,335

Governmental fund reports capital outlays as expenditures.
 However, in the statement of activities, the cost of capital
 assets are allocated over their estimated useful lives and
 reported as depreciation expense

Expenditures for capital assets	\$	20,876	
Less current year depreciation		<u>(32,313)</u>	<u>(11,437)</u>

Changes in net position \$ 658,898

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**Balance Sheet -
Proprietary Fund
September 30, 2018**

	<u>Water and Sewer Utility</u>
ASSETS:	
Cash and cash equivalents	\$ 1,963,336
Accounts receivable, net	241,990
Prepaid expenses	17,844
Goodwill	970,133
Capital assets (net)	<u>11,344,362</u>
Total assets	<u>\$ 14,537,665</u>
LIABILITIES:	
Accounts payable and accrued expenses	\$ 138,097
Advance from General Fund	6,308,701
Contracts payable	91,879
Customer deposits	193,085
Other liabilities	<u>2,888</u>
Total liabilities	<u>6,734,650</u>
NET POSITION:	
Investment in capital assets, net of related debt	11,344,362
Unrestricted	<u>(3,541,347)</u>
Total net position	<u>7,803,015</u>
Total liabilities and net position	<u>\$ 14,537,665</u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Fund
For the fiscal year ended September 30, 2018

	Water and Sewer Utility
Operating revenue:	
Water and sewer fees	\$ 2,963,429
Other income	-
	-
Total operating revenue	2,963,429
 Operating expenses:	
Operations and maintenance	797,162
Payroll, payroll taxes and benefits	700,787
Depreciation	632,164
	632,164
Total operating expenses	2,130,113
Net operating income	833,316
Change in net position	833,316
Net position, beginning of year	6,969,699
Net position, end of year	\$ 7,803,015

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Cash Flows -
Proprietary Fund
For the fiscal year ended September 30, 2018

		<u>Water and Sewer Utility</u>
Cash flows used by operating activities:		
Cash received from customers and users	\$	2,978,736
Cash paid to employees for services		(700,884)
Cash paid to suppliers for goods and services		<u>(832,260)</u>
 Net cash used by operating activities		 <u>1,445,592</u>
 Cash flows used for investing activities:		
Purchase of operating assets, net		<u>(672,063)</u>
 Net cash used for investing activities		 <u>(672,063)</u>
 Cash flows used for financing activities:		
Advances to governmental fund		<u>(38,971)</u>
 Net cash provided from capital and related financing activities		 <u>(38,971)</u>
 Net increase in cash and cash equivalents		 734,558
 Cash and cash equivalents at beginning of year		 <u>1,228,778</u>
 Cash and cash equivalents at end of year	\$	 <u><u>1,963,336</u></u>
 Reconciliation of operating income to net cash used by operating activities:		
Change in net position	\$	833,316
 Adjustments to reconcile change in net position to net cash used by operating activities:		
Depreciation		632,164
Allowance for bad debts		(3,344)
Increase in accounts receivable		10,023
Decrease in prepaid expenses		(5,015)
Decrease in other liabilities		(2)
Decrease in accounts payable and accrued expenses		(49,651)
Increase in accrued compensated absences		24,374
Increase in customer deposits		<u>3,727</u>
 Net cash used by operating activities		 <u><u>1,445,592</u></u>
 Cash expenditures paid for interest	\$	 <u><u>-</u></u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Balance Sheet -
Impact Fee Fund
September 30, 2018

ASSETS:	Impact Fee Fund
Cash and cash equivalents	\$ <u>362,881</u>
Total assets	\$ <u><u>362,881</u></u>
 NET POSITION:	
Restricted	\$ <u>362,881</u>
Total net position	<u>362,881</u>
Total liabilities and net position	\$ <u><u>362,881</u></u>

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenses and Changes in Net Position -
Impact Fee Fund
For the fiscal year ended September 30, 2018

	Impact Fee Fund
Operating revenue:	
Impact Fees	\$ 7,405
Other income	36
	7,441
Net operating income	7,441
Operating expenses	-
Change in net position	7,441
Net position, beginning of year	355,440
Net position, end of year	\$ 362,881

NOTES TO FINANCIAL STATEMENTS

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements

(1) DESCRIPTION OF THE TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

The Tindall Hammock Irrigation and Soil Conservation District ("District") exists pursuant to the provisions of Chapter 98-523, Laws of Florida, as amended, a Special Act of the Florida Legislature. The District was originally formed in 1951 and includes approximately 780 acres in central Broward County, Florida.

The District is a special purpose unit of a local government with powers in the areas of stormwater management, flood control, and utility ownership and operation. Such powers include ability to borrow money and issue bonds or other evidences of indebtedness, levy and impose upon all the lands in the District annual drainage, administrative, and maintenance taxes and impose and foreclose special assessment liens.

On November 3, 2008, the District acquired the operating assets of Ferncrest Utilities, Inc. located in Davie, Florida. On September 30, 2018, the utility had approximately 793 customers for water services and 729 customers for sewer services.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The District's financial statements include operations for which the District exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The District has not identified any component units and is not a participant in any joint-venture; accordingly, operations of no other entities have been included in the financial statements.

The District implemented the requirements of GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions during the year ending September 30, 2011. The District has implemented the requirements of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, during

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the year ended September 30, 2013. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District did not have any deferred outflows or deferred inflows of resources as of September 30, 2018.

(b) Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major individual funds.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information on all activities of the District. Inter-fund activity has been eliminated from these statements. The statement of activities demonstrates the extent to which the expenses of the District are offset by the revenues collected by the District. Revenues collected include the investment income earned during the year.

(c) Major Funds

Governmental Fund Type

Government funds are used to account for the District's expendable financial resources and related liabilities. The following are the District's governmental fund types:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Impact Fee Fund – The Impact Fee Fund is a restricted fund. It is used to account for all fees and expenditures of said fees relating to the charging of an impact fee for water and sewer services

Proprietary Fund Type

Water and Sewer Fund - The Water and Sewer Fund is an enterprise 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.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Governmental fund financial statements are reported using the current financial resources measurement and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers maintenance taxes to be available if they are collected within sixty days of the end of the current fiscal period. A one-year availability period is used for all other revenues.

Revenues susceptible to accrual are maintenance taxes and interest on investments. Maintenance taxes are recorded as revenues in the fiscal year they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

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

(e) Budgetary Procedures and Accounting

An annual budget is adopted for the General Fund on a basis consistent with GAAP, except the budgets include encumbrances as the equivalent of expenditures, and do not include revenues and expenditures related to certain special projects. As of September 30, 2018, the "actual budgetary basis" is presented on a basis which is not consistent with GAAP.

Before August of each year, the District Chairman, in conjunction with the District Management Company and the District Attorney, submits to the Board of Supervisors the proposed budget for the fiscal year commencing October 1. The District holds workshops and public hearings on the proposed budget. Prior to the end of each fiscal year, the budget is formally adopted for the ensuing year.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Budgetary Procedures and Accounting (continued)

The legal level of control, the level at which expenditures may not exceed the budget, is at the total expenditure level. Should additional expenditures be necessary during the year, the District has the authority to modify the budget by a majority vote of its Board.

(f) Capital Assets and Depreciation

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 and confiscated capital assets are valued at their estimated fair value on the date donated or when awarded by the courts. The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 5 - 40 years.

Maintenance, repairs, and minor renovations are not capitalized. Expenditures that materially increase values or extend useful lives are capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Equipment	5-7
Water and sewer equipment	5-7
Water and sewer infrastructure	15-40
Water Control Structures	15-50
(Including storm water pump stations)	

Depreciation expense is reflected in the financial statements in accordance with GASB Statement No. 34 requirements for capital assets greater than \$5,000.

(g) Prepaid Expenses/Expenditures

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

(h) Accounts Receivable

Accounts receivable reflected in the Water and Sewer Enterprise Fund consist of charges to

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Accounts Receivable (continued)

customers for service. As of September 30, 2018 an allowance for doubtful accounts in the amount of \$6,823 is considered necessary.

(i) Encumbrances

For governments that use encumbrance accounting, significant encumbrances should be disclosed in the notes to the financial statements by major funds and non-major funds in the aggregate in conjunction with required disclosures about other significant commitments.

Encumbered amounts for specific purposes for which resources already have been restricted, committed, or assigned should not result in separate display of the encumbered amounts within those classifications. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned should not be classified as unassigned but, rather, should be included within committed-or assigned fund balance. The District includes encumbrances in the committed fund balance. There are no encumbrances outstanding as of September 30, 2018.

(j) Due To/From Other Funds

Short-term inter-fund transactions, when applicable, are recorded by the lending fund as a receivable with a corresponding payable recorded by the borrowing fund. Repayments reduce the corresponding receivable and payable. Inter-fund balances are eliminated in the government-wide financial statements.

(k) Goodwill and Other Intangible Assets

The Utility Company has not amortized Goodwill for all fiscal years since its acquisition, instead it has tested for impairment to Goodwill on an annual basis. Beginning with the year ending September 30, 2017, the Utility Company, in accordance with Accounting Standard Codification (ASC) 350 "Intangibles – Goodwill and Other" has elected to test for impairment only when a triggering event has occurred instead of every year. For the year ended September 30, 2018 there were no such events, and therefore no impairment to goodwill has been recorded.

(l) Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

(n) Compensated Absences

The full-time employees of the District can carryover to the following fiscal year up to one year's accrual of their sick leave and vacation benefits. Vacation time is earned based upon length of service, up to a maximum amount of five weeks per year, once the employee has been with the District for twenty-five years, with the exception of employees that are covered by employment agreements. At September 30, 2018, the liability for accrued compensated absences, to be paid within one year, was \$68,069, and is included in contracts payable total on the balance sheet.

(o) Fund Balance

The Governmental Accounting Standards Board (GASB) released GASB Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54") on March 11, 2009 which is effective for fiscal years beginning after June 15, 2010.

This new Statement is intended to improve the usefulness of information reported about fund balance by providing more structured classification and by clarifying the definitions of existing governmental fund types. This Statement applies to fund balance reported in the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Fund and Permanent Fund. This Statement does not apply to Enterprise Funds, Internal Service Funds, and restricted reserves.

Previously, fund balance was classified as "reserved" or "unreserved." Unreserved fund balance was further allocated into designated and undesignated. GASB 54 now changes how fund balance will be reported. The hierarchy of the GASB 54 classifications is as follows:

Non-spendable Fund balance includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually. The District uses the consumption method of reporting inventory; therefore, it is not reported as a non-spendable fund balance.

Restricted Fund Balance includes amounts constrained for a specific purpose by external parties.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Fund Balance (continued)

Committed Fund Balance includes amounts constrained for a specific purpose by a government using its highest level of decision making authority. The District's outstanding encumbrances would be included in the committed fund balance. There are no encumbrances outstanding as of September 30, 2018.

Assigned Fund Balance includes general fund amounts constrained for a specific purpose by the District's board.

Unassigned Fund Balance is the residual classification for the general fund.

The District's board approves all transactions that occur with respect to the committed fund balance.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

There was no restatement required to the opening fund balances as a result of the GASB 54 implementation.

(p) Impact of Recently Issued Accounting Pronouncements

In March 2016, GASB issued Statement No. 82 Pension Issues—an amendment of GASB Statements No 67, No. 68 and No. 73. The Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2018. Upon further review, this statement has no effect on the District.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements

The District has not yet determined the impact of GASB pronouncements No. 83 through No. 90 which have been issued but are not yet effective and have not been implemented.

(3) CASH AND INVESTMENTS

Amounts on deposit at a financial institution on September 30, 2018, consisted of the following accounts, which, in addition to being insured by the Federal Deposit Insurance Corp. (FDIC) to \$250,000, are secured by collateralized securities as required under Chapter 280, of the Florida Statutes:

Cash - checking	\$ 4,783,085
	<u>\$ 4,783,085</u>

(4) MAINTENANCE TAXES AND SPECIAL ASSESSMENTS

Maintenance taxes and special assessments attach as an enforceable lien on the owners' property as of January 1. The taxes are levied on November 1 and are payable, without penalty, from November 1 to the following March 31. Broward County bills and collects these taxes and assessments and remits these proceeds to the District. Payments made after March 31, are subject to late payment fines. Any amount unpaid as of June 30, result in a tax certificate sale to investors. The District receives its share of the certificate sales which usually reflects the full amount due to then District. There were no material delinquent taxes as of September 30, 2018.

(5) INTER-FUND ADVANCES

The composition of inter-fund balances as of September 30, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Proprietary Fund	\$6,308,701

The amount receivable in the General Fund represents a working capital transfer to the Proprietary Fund.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(6) CAPITAL ASSETS

The following summarizes changes in the capital assets:

	Balance 9/30/2017	Reclassifications and Additions	Reclassifications and Deletions	Balance 9/30/2018
Governmental Activities:				
Capital Assets Being Depreciated				
Water control structures	\$ 1,667,893	\$ 20,876	\$ -	\$ 1,688,769
Equipment	243,484	-	-	243,484
Total Capital Assets Being Depreciated	1,911,377	20,876	-	1,932,253
Less Accumulated Depreciation				
Water control structures	694,924	29,272	-	724,196
Equipment	228,525	3,041	-	231,566
Total Accumulated Depreciation	923,449	32,313	-	955,762
Capital Assets, Net	\$ 987,928	\$ (11,437)	\$ -	\$ 976,491
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 447,460	\$ 563,017	\$ (92,102)	\$ 918,375
Land	251,324	-	-	251,324
Total Capital Assets Not Being Depreciated	698,784	563,017	(92,102)	1,169,699
Capital Assets Being Depreciated				
Infrastructure	13,325,877	194,476	-	13,520,353
Equipment	97,161	-	-	97,161
Total Capital Assets Being Depreciated	13,423,038	194,476	-	13,617,514
Less Accumulated Depreciation				
Infrastructure	2,758,619	620,588	-	3,379,207
Equipment	52,068	11,576	-	63,644
Total Accumulated Depreciation	2,810,687	632,164	-	3,442,851
Capital Assets, Net	\$ 11,111,135	\$ 125,329	\$ (92,102)	\$ 11,144,362

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(7) RISK MANAGEMENT

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

(8) WATER AND WASTEWATER UTILITY SYSTEM

The District acquired Ferncrest Utilities, Inc. on November 3, 2008, through the issuance of Ad Valorem Tax Bond Anticipation Notes, Series 2008. On November 11, 2008, the District approved resolution 2008-20 which authorized the execution and delivery of a Master Trust Indenture in connection with the issuance of not to exceed \$15,000,000 aggregate principal amount of its Tindall Hammock Irrigation and Soil Conservation District (Davie, Florida) Ad Valorem Tax Bonds, Series 2008 (the "Series 2008 bonds"). As of September 30, 2018, the District had not yet issued any bonds authorized under the resolution.

The District obtained financing for the first phase of the utility system and drainage improvements via the \$3,000,000 Ad Valorem Tax Capital Improvement Note, Series 2010 which was satisfied in the prior fiscal year. In November 2016 the District executed a \$2,000,000 line of credit with BB&T Bank to ensure adequate funding for the remaining capital improvements needed for both the governmental and utility operations. The loan incorporates a twenty-four (24) month draw period for the capital improvements with an option to convert to a five-year term loan at the end of the draw period. As of September 30, 2018 the District has not drawn on the line of credit.

The District's utility service area is located within the Town of Davie ("the Town"). The Town has approved certain land use amendments, and the redevelopment of several larger parcels within the District has led to an increase in both service revenue and taxable value in the current year. As a result of the increasing taxable values the District has been able to reduce the millage rate from the maximum of 6.000 mills in fiscal year 2014 to the current rate of 1.900 mills for fiscal year 2018. The continuing redevelopment is expected to increase both service revenue and taxable values for several years. The combination of these conditions may provide for further decrease in the millage rate upon completion of the capital improvement plan.

(9) UTILITY PLANT ACCESS

During due diligence of the acquisition of the utility system, the current access to the utility plant had been an issue. Currently, access to the utility plant is through another property owner's private streets. Access is currently available through these private streets and the property owner has made no demands to the District to cease using this access. The District has not been able to obtain a recorded ingress and egress to the plant, however, the District maintains the utility system within the property owner's land and development.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Financial Statements (Continued)

(10) REGULATORY ISSUES

The District is engaged in certain environmental and regulatory issues that are applicable to the manner in which the District operates its drainage systems and its water and sewer system. The District has approved a multi-year Capital Improvement Program (CIP) which when completed will make all of the District systems compliant with current regulations. The District began implementing the CIP in fiscal year 2014 with the issuance of a bid request and continues in its compliance efforts.

(11) RELATED PARTIES

In accordance with Special Act of the Legislature (Chapter 98-523, Laws of Florida, as amended), the District Board of Supervisors is elected by the owners of land within the District, with each landowners' vote being based on the land area (acres) that each landowner owns. A significant portion of the land within the District is owned by members of the Board of Supervisors and related parties. As a result, certain issues come before the District Board of Supervisors from time to time involving the District and these related parties. When these issues come before the Board involving individuals related to Board Members, the District receives opinions of third parties to provide guidance, advice and recommendations regarding these issues and voting on said issues.

On November 3, 2008, the District entered into an amended and restated lease agreement, with a related party allowing the District to discharge and dispose treated wastewater in accordance with its wastewater and disposal system permit issued by the Florida Department of Environmental Protection into a lake owned by the related party. The lease currently calls for minimum lease payments of \$3,117 per month. The District incurred \$36,504 in lease expense for the period ended September 30, 2018.

(12) SUBSEQUENT EVENTS

The District has performed an evaluation of subsequent events through June 12, 2019, which is the date the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN M, D & A
(unaudited)**

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget And Actual - General Fund
(Budgetary Basis)
For the fiscal year ended September 30, 2018

	Final Budget	Actual Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Maintenance taxes, net of discounts	\$ 995,796	\$ 990,016	\$ (5,780)
Other Income	5,000	3	(4,997)
Interest	475	960	485
	<u>1,001,271</u>	<u>990,979</u>	<u>(10,292)</u>
Operational expenditures:			
Pump repairs and maintenance	74,000	50,740	23,260
Payroll, payroll taxes and fees	31,025	30,569	456
Property appraiser and collection fees	21,935	16,108	5,827
Insurance	9,500	8,402	1,098
Legal advertising	5,000	4,676	324
Office Supplies	-	-	-
Permits	6,500	-	6,500
Licenses & Fees	225	175	50
Communications	-	-	-
Promotional Activities	500	-	500
Postage	200	-	200
Utilities	925	1,287	(362)
	<u>149,810</u>	<u>111,957</u>	<u>37,853</u>
Professional fees:			
Management company	66,000	60,000	6,000
Engineering	100,000	33,960	66,040
Intergovernmental relations	30,000	15,000	15,000
Accounting	22,000	15,750	6,250
Bank Fees	-	11,607	(11,607)
Legal	100,000	51,494	48,506
	<u>318,000</u>	<u>187,811</u>	<u>130,189</u>
Other:			
Hurricane	50,000	-	50,000
Machinery, equipment and infrastructure	100,000	20,876	79,124
Contingency	50,000	-	50,000
	<u>200,000</u>	<u>20,876</u>	<u>179,124</u>
Total expenditures	<u>667,810</u>	<u>320,644</u>	<u>347,166</u>
Excess of revenues over expenditures	<u>333,461</u>	<u>670,335</u>	<u>336,874</u>
Net change in fund balance	<u>\$ 333,461</u>	<u>\$ 670,335</u>	<u>\$ 336,874</u>

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget And Actual - Proprietary Fund
(Budgetary Basis)
For the fiscal year ended September 30, 2018

	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
General service revenues	\$ 2,855,000	\$ 2,946,239	\$ 91,239
Miscellaneous revenues	13,000	17,190	4,190
Interest	150	-	(150)
	<u>2,868,150</u>	<u>2,963,429</u>	<u>95,279</u>
Operational expenditures:			
Payroll, payroll taxes, benefits and fees	698,850	714,981	(16,131)
Other contractual services	22,500	21,465	1,035
Engineering expenses	14,000	7,868	6,132
Infrastructure	10,000	9,389	611
Sludge Removal	120,000	105,660	14,340
Water testing	19,100	40,005	(20,905)
Telephone	9,200	8,799	401
Electricity	90,350	90,006	344
Purchased water and sewer treatment	230,650	232,626	(1,976)
Equipment rental	5,000	3,237	1,763
Lake rental	36,800	36,504	296
Insurance	61,900	53,540	8,360
Maintenance	59,910	65,997	(6,087)
Vehicle expense	8,400	9,250	(850)
Generator expense	10,800	1,285	9,515
Bad debts	2,000	(3,344)	5,344
Bank expenses	-	317	(317)
Miscellaneous expense	500	-	500
Office Supplies	6,320	6,673	(353)
Postage and delivery expense	4,810	3,870	940
Chemicals	84,700	67,449	17,251
Safety supplies	1,900	1,976	(76)
Uniforms	1,500	1,317	183
License and fees	20,100	12,529	7,571
Training and seminars	5,000	2,826	2,174
Buildings, machinery and equipment	10,000	3,724	6,276
	<u>1,534,290</u>	<u>1,497,949</u>	<u>36,341</u>
Excess of revenues over expenditures before other expenses	<u>1,333,860</u>	<u>1,465,480</u>	<u>131,620</u>
Other:			
Depreciation	-	(632,164)	(632,164)
	<u>-</u>	<u>(632,164)</u>	<u>(632,164)</u>
Excess of revenues over expenditures	<u>\$ 1,333,860</u>	<u>\$ 833,316</u>	<u>\$ (500,544)</u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget And Actual – Impact Fee Fund
(Budgetary Basis)
For the fiscal year ended September 30, 2018

	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Impact fee revenue	\$ -	\$ 7,405	\$ 7,405
Other Income	-	-	-
Interest	-	36	36
	-	36	36
Total revenues	-	7,441	7,441
Operational expenditures:			
Bank Fees	-	-	-
	-	-	-
Total operational expenses	-	-	-
Excess (deficiencies) of revenues over expenditures	-	7,441	7,441
Other financing sources (uses):			
Fund transfers	-	-	-
Scheduled debt payments	-	-	-
Debt finance expenses	-	-	-
	-	-	-
Total other financing uses	-	-	-
Net change in fund balance	\$ -	\$ 7,441	\$ 7,441

See accompanying notes to the financial statements.

OTHER REPORTS SECTION

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**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***

For the fiscal year ended September 30, 2018

**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 of the
Tindall Hammock Irrigation and Soil Conservation District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of Tindall Hammock Irrigation and Soil Conservation District ("the District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 12, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Lerro & Chandross, PLLC
Certified Public Accountants

June 12, 2019

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE
OF THE AUDITOR GENERAL**

For the fiscal year ended September 30, 2018

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE
OF THE AUDITOR GENERAL**

To the Board of Supervisors of the
Tindall Hammock Irrigation and Soil Conservation District:

We have audited the financial statements of the Tindall Hammock Irrigation and Soil Conservation District, whose headquarters is located in Davie, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 12, 2019.

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 Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. 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 Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, if any, which are dated June 12, 2019, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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 corrective actions, or recommendations made in the preceding annual financial report that need to be discussed in the current management letter.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- 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. The Tindall Hammock Irrigation and Soil Conservation District was originally established pursuant to the provisions of Chapter 98-523, a Special Act of the Florida Legislature in 1951. There are no component units of the Tindall Hammock Irrigation and Soil Conservation District to be disclosed as required by accounting principles generally accepted in the United States of America.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Tindall Hammock Irrigation and Soil Conservation District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b, and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Tindall Hammock Irrigation and Soil Conservation 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 as of September 30, 2018, and through the date of our audit report, June 12, 2019.

- Pursuant to Section 215.985(11), Florida Statutes and Section 10.554(1)(i)6.a, the District provided monthly financial statements to its governing board and has made such financial statements available for public access on the District's website.
- Pursuant to Section 218.32(1)g Florida Statutes and Section 10.554(1)(i)6.b, the District has provided a link on their website directly to allow the viewing of the District's annual financial report.
- Pursuant to Section 373.536(5)(d) and (6)(d) Florida Statutes and Section 10.554(1)(i)6.c, the District has provided a link on their website directly to allow the viewing of the District's tentative and final adopted budget for the current fiscal year.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Commissioners of Tindall Hammock Irrigation and Soil Conservation District, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Lerro & Chandross, PLLC
Certified Public Accountants

June 12, 2019

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
REPORT TO MANAGEMENT**

PART I - CURRENT YEAR COMMENTS AND RECOMMENDATIONS

No comments were noted for the fiscal year ended September 30, 2018.

PART II - STATUS OF PRIOR YEAR COMMENTS AND RECOMMENDATIONS

Not applicable as there were no comments or recommendations in the prior year.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**STATEMENT OF EXPLANATION OR REBUTTAL
TO MANAGEMENT LETTER COMMENTS AND RECOMMENDATIONS**

For the fiscal year ended September 30, 2018

There is no response for the current year.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
AFFADAVIT PURSUANT TO SECTION 163.31801 OF THE FLORIDA STATUTES**

For the fiscal year ended September 30, 2018

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Patricia Mahaney, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of Tindall Hammock Irrigation and Soil Conservation District which is a special taxing district of the State of Florida;
2. Tindall Hammock Irrigation and Soil Conservation District adopted Resolution No. 2014-05 implementing an impact fee; and
3. Tindall Hammock Irrigation and Soil Conservation District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


Patricia Mahaney, Chief Financial Officer

STATE OF FLORIDA
COUNTY OF BROWARD

SWORN TO AND SUBSCRIBED before me this 19th day of June, 2019.


NOTARY PUBLIC
Print Name Inesa Rozenman

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

