

**NORTH LAKES
MAINTENANCE DISTRICT**

Hillsborough County, Florida

for the year ended SEPTEMBER 30, 2019

FINANCIAL STATEMENTS

King & Walker, CPAs, PL

Certified Public Accountants

THIS PAGE IS INTENTIONALLY BLANK.

NORTH LAKES MAINTENANCE DISTRICT

Table of Contents

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited).....	3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	7
Statement of Activities.....	8
Balance Sheet – Governmental Fund.....	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	10
Notes to Financial Statements.....	11
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Statement – Governmental Fund – (Unaudited)	17
Note to Required Supplementary Information	18
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 <i>GOVERNMENT AUDITING STANDARDS</i>	19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(1) OF THE AUDITOR GENERAL OF FLORIDA	21
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	22

Independent Auditor's Report

To the Board of Trustees, North Lakes Maintenance District,
Hillsborough County, Florida
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the North Lakes Maintenance District (“District”), Hillsborough County, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 District’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 District’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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of September 30, 2019, and the respective changes in financial position thereof for the year 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, the Budgetary Comparison Schedule, and the Note to Required Supplementary Information, as listed on the table of contents, 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 historic 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 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 29, 2020 on our consideration of North Lakes Maintenance 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 North Lakes Maintenance District's internal control over financial reporting and compliance.

Respectfully submitted,



June 29, 2020
Tampa, Florida

NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
Management's Discussion and Analysis - Unaudited

As management of the North Lakes Maintenance District, (District), Hillsborough County, Florida, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2019.

Background

The North Lakes Maintenance District, (District), Hillsborough County, Florida, was created by Hillsborough County Ordinance #85-39, pursuant to Section 189.4041(4), Florida Statutes, in December 1985, for the purpose of continued development, administration and maintenance of the common areas of North Lakes, a subdivision in northwestern Hillsborough County, Florida.

The District is a special dependent tax district as defined in Section 189.403, Florida Statutes. The governing body of the District is the Board of Trustees, which is comprised of seven members. The general operating authority of the District is contained in Section 189.404, Florida Statutes.

Financial Highlights

- The assets of the District exceeded its liabilities (net position) at the close of the most recent fiscal year by \$77,463.
- The District's total net position decreased by \$8,069 from the prior fiscal year.
- Revenues from tax assessments remained materially unchanged from the prior fiscal year.
- The District's general operating expenditures decreased by \$23,168 during the current fiscal year primarily due to a decrease in repairs and maintenance expenses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements Reporting the District as a Whole.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on the pages that follow.

NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
Management's Discussion and Analysis - Unaudited

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds.

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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its special revenue fund. A budgetary comparison statement has been provided for the special revenue fund to demonstrate compliance with this budget.

The basic government fund financial statements can be found on the pages that follow.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found following the government-wide financial statements.

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
Management's Discussion and Analysis - Unaudited**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net position as of September 30, 2018 and 2019:

	Net Position, End of Year		
	<u>Governmental Activities</u>		
	<u>9-30-18</u>	<u>9-30-19</u>	<u>Increase (Decrease)</u>
ASSETS			
Current Assets	\$ 40,972	\$ 24,996	\$ (15,976)
Capital Assets, Net	44,560	52,467	7,907
Total Assets	<u>85,532</u>	<u>77,463</u>	<u>(8,069)</u>
LIABILITIES			
Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	44,560	52,467	7,907
Restricted	<u>40,972</u>	<u>24,996</u>	<u>(15,976)</u>
Total Net Position	<u>\$ 85,532</u>	<u>\$ 77,463</u>	<u>\$ (8,069)</u>

NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
Management's Discussion and Analysis - Unaudited

The key elements of the changes in the District's net position for the fiscal years ended September 30, 2018 and 2019 are as follows:

	Operating Results for the Year		
	<u>Governmental Activities</u>		
	<u>9-30-18</u>	<u>9-30-19</u>	<u>Increase (Decrease)</u>
Revenues:			
Non-ad valorem Taxes	\$ 51,388	\$ 51,376	\$ (12)
Interest & Other	73	80	7
Total Revenues	<u>51,461</u>	<u>51,456</u>	<u>(5)</u>
Expenses:			
Current Operations:			
Environment:			
Professional Services	12,000	12,000	-
Accounting & Auditing	2,100	2,100	-
Other Contractual Services	9,713	8,925	(788)
Communication Services	1,018	840	(178)
Utilities	6,036	4,943	(1,093)
Insurance	-	100	100
Repairs and Maintenance	50,103	28,755	(21,348)
Other Charges & Fees	527	523	(4)
Office Supplies	175	45	(130)
Tax Collector Fees	1,021	1,021	-
Depreciation	-	273	273
Total Expenses	<u>82,693</u>	<u>59,525</u>	<u>(23,168)</u>
Increase/(Decrease) in Net Position	<u>\$ (31,232)</u>	<u>\$ (8,069)</u>	<u>\$ 23,163</u>

Other Information

Required supplementary information is required by the Governmental Accounting Standards Board and includes reports on internal control, compliance with laws and regulations, and budgeting comparisons. These reports are also an integral part of the audited financial statements.

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 24,996
Capital Assets	52,467
Total Assets	77,463
 LIABILITIES	
Accounts Payable	-
Total Liabilities	-
 NET POSITION	
Net Investment in Capital Assets	52,467
Restricted	24,996
Total Net Position	\$ 77,463

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

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Expenses	Program Revenues	Net Revenue/ (Expense) and Change in Net Position <u>Governmental Activities</u>
Functions/Programs:			
Governmental Activities:			
Environmental	\$ 59,525	\$ -	\$ (59,525)
 General Revenues			
Taxes:			
Property			51,376
Interest & Other			80
Total General Revenues			51,456
Change in Net Position			(8,069)
Net Position - Beginning			85,532
Net Position - Ending			\$ 77,463

The accompany notes are an integral part of the basic financial statements.

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	<u>Special Revenue Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 24,996
Total Assets	<u>\$ 24,996</u>
 LIABILITIES	
Accounts Payable	-
Total Liabilities	<u>-</u>
 FUND BALANCE	
Restricted	24,996
Total Liabilities and Fund Balance	<u>\$ 24,996</u>

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES:**

Total Fund Balance - Governmental Fund	\$ 24,996
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net position are different because:</p> <p style="margin-left: 80px;">Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
	<u>52,467</u>
Total Net Position of Governmental Activities	<u>\$ 77,463</u>

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

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Fund
REVENUES	
Non-ad valorem taxes	\$ 51,376
Interest & Other	80
Total Revenues	51,456
EXPENDITURES	
Current Operations - Environment:	
Professional Services	12,000
Accounting & Auditing	2,100
Contractual Services	8,925
Communication Services	840
Utilities	4,943
Insurance	100
Repairs and Maintenance	28,755
Other Charges & Fees	523
Office Supplies	45
Capital Improvements	8,180
Tax Collector/Property Appraiser Fees	1,021
Total Expenditures	67,432
Net Change in Fund Balance	(15,976)
Fund Balance - Beginning	40,972
Fund Balance - Ending	\$ 24,996
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES:	
Net Change in Fund Balance - Total Governmental Fund	\$ (15,976)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental fund as expenditures. However, in the statement activities, the cost of assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.	7,907
Change in Net Position of Governmental Activities	\$ (8,069)

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

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The North Lakes Maintenance District, (District), Hillsborough County, Florida, was created by Hillsborough County Ordinance #85-39, pursuant to Section 189.4041(4), Florida Statutes, in December 1985, for the purpose of continued development, administration and maintenance of the common areas of North Lakes, a subdivision in northwestern Hillsborough County, Florida.

The District is a special dependent tax district as defined in Section 189.403, Florida Statutes. The governing body of the District is the Board of Trustees, which is comprised of seven elected members who serve four-year terms of office. The general operating authority of the District is contained in Section 189.404, Florida Statutes.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2800 and 2600. These criteria were used to evaluate potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on the application of these criteria, no component units are included within the reporting entity of the District.

Basis of Presentation

Government-wide Financial Statements – The government-wide financial statements, including the statement of net position and statement of activities, present information about the District as a whole.

The government-wide financial statements are prepared using the economic resources measurement focus. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented to better identify the relationship between the two types of statements.

The District operated one fund as follows:

GOVERNMENTAL FUND TYPE – Special Revenue Fund - to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year which they are levied.

The governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become 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. The District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year.

Cash and Cash Equivalents

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The District considers amounts invested in the State Board of Administration (SBA) Florida PRIME investment pools to be cash equivalents.

Investments

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair market value, which is amortized cost.

Types and amounts of investments held at fiscal year end are described in a subsequent note.

Capital Assets

The accounting and reporting treatment applied to the land improvements associated with a fund is determined by its measurement focus. Land improvements are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental fund financial statements and capitalized in the government-wide financial statements. Capital assets are defined by the District as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

In accordance with GASB 34, the new statement implemented by the District as of October 1, 2001, the District is required to report and depreciate all new land improvements from this date forward.

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

<u>Description</u>	<u>Estimated Lives</u>
Sign	5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The District does not have any items that qualify for reporting in this category.

Net Position and Fund Balance Classification

Government-wide Financial Statements

Net position is classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.

- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the District’s Board of Governance.
- Assigned – fund balance that is intended to be used by the District’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the District’s general fund and includes all spendable amounts not contained in the other classifications.

Revenue Sources

The District’s primary source of revenue is a tax assessed in the North Lakes Maintenance District Subdivision on all improved residential parcels. The District is authorized to levy a non-ad valorem tax up to \$70 on each improved residential parcel of property located within the District. Property taxes are recognized in the fiscal year when they become measurable and available. The taxes are collected by Hillsborough County and remitted to the District net of an early payment discount (4% starting in November and gradually decreasing by 1% per month until March) and net of a 2% fee retained by the Tax Collector. The District approved an assessment of \$70 per improved parcel for the fiscal year.

Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2: CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

NOTE 3: INVESTMENTS

The District had not adopted a written investment policy. Therefore, pursuant to Section 218.415(17), Florida Statutes, the District is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The District’s investments at September 30, 2019, are reported as follows:

	Amount	Credit Risk	Maturities
Investments measured at amortized cost			
External Investment Pool:			
SBA Florida PRIME (1)	\$ 2,812	S&P AAAM	Weighted average days to maturity: 39 days
Total investments measured at amortized cost	2,812		
Total District Investments	\$ 2,812		

Note: (1) This investment is reported as a cash equivalent for financial statement reporting purposes.

Fair Value Measurement - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District’s recurring fair value measurements as of September 30, 2019 are valued using Level 1 inputs.

Credit Risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration Risk – The District places no limit on the amount the District may invest in any one issuer.

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

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4: CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Not Being Depreciated:				
Land Improvements	\$ 44,560	\$ -	\$ -	\$ 44,560
Capital Assets Being Depreciated:				
Sign	-	8,180	-	8,180
Total Capital Assets Being Depreciated	<u>-</u>	<u>8,180</u>	<u>-</u>	<u>8,180</u>
Less Accumulated Depreciation for:				
Sign	-	(273)	-	(273)
Total Accumulated Depreciation	<u>-</u>	<u>(273)</u>	<u>-</u>	<u>(273)</u>
Total Capital Assets Being Depreciated, Net	<u>-</u>	<u>7,907</u>	<u>-</u>	<u>7,907</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,560</u>	<u>\$ 7,907</u>	<u>\$ -</u>	<u>\$ 52,467</u>

NOTE 5: REVENUE

The 2018 tax roll assessments for the North Lakes Maintenance District were as follows:

	<u>Amount</u>
Non-ad Valorem Taxes Assessed	\$ 52,920
Interest and Excess Fees	386
<i>Less: Discounts</i>	<u>(1,930)</u>
Total Non-ad Valorem Tax Revenue	<u>51,376</u>
<i>Less: Tax Collector Fees</i>	<u>(1,021)</u>
Total Remittances to the District	<u>\$ 50,355</u>

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
BUDGETARY COMPARISON STATEMENT - GOVERNMENTAL FUND - Unaudited
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Original/Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES			
Non-ad valorem Taxes	\$ 50,272	\$ 51,376	\$ 1,104
Interest & Other	40	80	40
Total Revenues	<u>50,312</u>	<u>51,456</u>	<u>1,144</u>
EXPENDITURES			
Professional Services	12,000	12,000	-
Accounting & Auditing	2,500	2,100	400
Contractual Services	14,700	8,925	5,775
Communication Services	4,765	840	3,925
Utilities	7,800	4,943	2,857
Insurance	150	100	50
Repairs and Maintenance	37,750	28,755	8,995
Other Charges & Fees	907	523	384
Office Supplies	300	45	255
Capital Improvements	-	8,180	(8,180)
Tax Collector/Property Appraiser Fees	2,117	1,021	1,096
Total Expenditures	<u>82,989</u>	<u>67,432</u>	<u>15,557</u>
Net Change in Fund Balance	<u>(32,677)</u>	<u>(15,976)</u>	<u>16,701</u>
Fund Balance - Beginning	32,677	40,972	8,295
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 24,996</u>	<u>\$ 24,996</u>

See Independent Auditor's Report.

**NORTH LAKES MAINTENANCE DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The District prepares and adopts a budget for the Special Revenue Fund for the fiscal year commencing October 1 in accordance with Section 189.418(3), Florida Statutes. The operating budget is prepared on the accrual basis of accounting and presented as required supplementary information.

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 Trustees, North Lakes Maintenance District,
Hillsborough County, Florida
Tampa, 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 North Lakes Maintenance District ("District"), Hillsborough County, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

June 29, 2020
Tampa, Florida

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

**Independent Auditor's Report on Compliance with the Requirements of Section 218.415,
Florida Statutes, Required by Rule 10.556(1) of the Auditor General of the State of Florida**

To the Board of Trustees, North Lakes Maintenance District,
Hillsborough County, Florida
Tampa, Florida

We have examined the North Lakes Maintenance District's ("District"), compliance with investment policy requirements of Section 218.415, Florida Statutes as of and for the year ended September 30, 2019. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the District, Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Hillsborough County, Florida, the Board of Trustees, and applicable management and is not intended to be and should not be used by anyone other than these parties.

Respectfully submitted,

King & Walker, CPAs

June 29, 2020
Tampa, Florida

Independent Auditor's Management Letter

To the Board of Trustees, North Lakes Maintenance District,
Hillsborough County, Florida
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of the North Lakes Maintenance District ("District"), Hillsborough County, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 29, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated June 29, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The North Lakes Maintenance District was established by Hillsborough County Ordinance #85-39, pursuant to Section 189.4041(4), Florida Statutes, in December 1985, for the purpose of continued development, administration and maintenance of the common areas of North Lakes. The District does not have any component units.

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

As required by the Rules of the Auditor General (Section 10.556(10)(a)), the scope of our audit included a determination that the District's investment policies complied with the requirements of Section 218.415, Florida Statutes.

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, Hillsborough County, Florida, the Board of Trustees, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

June 29, 2020
Tampa, Florida