

Coral Springs Improvement District

Basic Financial Statements
For the Year Ended September 30, 2021



Coral Springs Improvement District

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Coral Springs Improvement District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Coral Springs Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Coral Springs Improvement District (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

CPA's + Trusted Advisors

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and schedules of changes in the net OPEB liability and related ratios and district contributions on pages 32 and 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of operating expenses by department - proprietary fund on page 34 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of operating expenses by department - proprietary fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 11, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



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

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2021:

- The District's total assets and deferred outflows of resources exceeded total liabilities by \$ 59,714,871 (net position), of which \$ 32,969,337 was unrestricted.
- Governmental activities revenues totaled \$ 3,829,200, including assessments of \$ 3,615,676 and intergovernmental income of \$ 143,754, while governmental activities expenses totaled \$ 1,665,585. Business-type revenues totaled \$ 14,217,300, including charges for services of \$ 14,120,371 and interest income of \$ 45,758. Business-type expenses totaled \$ 14,410,033.
- At September 30, 2021, the General Fund reported a fund balance of \$ 10,988,324, of which \$ 1,735,324 was unassigned.

Overview of the Financial Statements

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

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

The statement of net position presents information on all assets and liabilities of the District, with the difference between assets, deferred inflow/outflows of resources and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets; 2) restricted and; 3) unrestricted. Assets, liabilities, and net position are reported for all governmental activities separate from the assets, liabilities, and net position of business-type activities.

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

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

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

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

Notes to the Basic Financial Statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be on pages 20 through 31 of this report.

**Coral Springs Improvement District
Management's Discussion and Analysis
September 30, 2021**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2021 and 2020:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 11,103,028	\$ 9,578,072	\$ 22,853,323	\$ 21,067,786	\$ 33,956,351	\$ 30,645,858
Restricted assets	-	-	4,591,530	4,591,837	4,591,530	4,591,837
Capital assets (net)	<u>7,659,699</u>	<u>7,107,234</u>	<u>49,774,305</u>	<u>53,255,303</u>	<u>57,434,004</u>	<u>60,362,537</u>
Total assets	<u>18,762,727</u>	<u>16,685,306</u>	<u>77,219,158</u>	<u>78,914,926</u>	<u>95,981,885</u>	<u>95,600,232</u>
Total deferred outflows of resources	-	-	<u>1,225,212</u>	<u>1,347,733</u>	<u>1,225,212</u>	<u>1,347,733</u>
Current liabilities	149,942	234,976	3,338,726	3,249,266	3,488,668	3,484,242
Noncurrent liabilities	<u>72,745</u>	<u>73,905</u>	<u>33,930,813</u>	<u>35,645,829</u>	<u>34,003,558</u>	<u>35,719,734</u>
Total liabilities	<u>222,687</u>	<u>308,881</u>	<u>37,269,539</u>	<u>38,895,095</u>	<u>37,492,226</u>	<u>39,203,976</u>
Net position:						
Net investments in capital assets	7,659,699	7,107,234	14,494,305	16,280,303	22,154,004	23,387,537
Restricted	-	-	4,591,530	4,591,837	4,591,530	4,591,837
Unrestricted	<u>10,880,341</u>	<u>9,269,191</u>	<u>22,088,996</u>	<u>20,495,424</u>	<u>32,969,337</u>	<u>29,764,615</u>
Total net position	<u>\$ 18,540,040</u>	<u>\$ 16,376,425</u>	<u>\$ 41,174,831</u>	<u>\$ 41,367,564</u>	<u>\$ 59,714,871</u>	<u>\$ 57,743,989</u>

Governmental and Business-Type Activities: Governmental activities increased the District's net position by \$ 2,163,615, while business-type activities decreased the District's net position by \$ 192,733, as reflected in the table below:

**Coral Springs Improvement District
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	\$ 7,800	\$ 4,600	\$ 14,120,371	\$ 13,130,911	\$ 14,128,171	\$ 13,135,511
Taxes:						
Assessments	3,615,676	3,445,469	-	-	3,615,676	3,445,469
Other	<u>35,960</u>	<u>37,578</u>	<u>51,171</u>	<u>71,101</u>	<u>87,131</u>	<u>108,679</u>
Total revenues	<u>3,659,436</u>	<u>3,487,647</u>	<u>14,171,542</u>	<u>13,202,012</u>	<u>17,830,978</u>	<u>16,689,659</u>
Expenses:						
General government	474,463	801,633	-	-	474,463	801,633
Physical environment	797,952	758,827	-	-	797,952	758,827
Water and sewer	-	-	8,454,245	7,616,219	8,454,245	7,616,219
Interest expense	-	-	1,233,026	1,283,605	1,233,026	1,283,605
Provision for depreciation	<u>393,170</u>	<u>360,897</u>	<u>4,722,762</u>	<u>4,644,596</u>	<u>5,115,932</u>	<u>5,005,493</u>
Total expenses	<u>1,665,585</u>	<u>1,921,357</u>	<u>14,410,033</u>	<u>13,544,420</u>	<u>16,075,618</u>	<u>15,465,777</u>
Change in net position before other income (expense)	<u>1,993,851</u>	<u>1,566,290</u>	<u>(238,491)</u>	<u>(342,408)</u>	<u>1,755,360</u>	<u>1,223,882</u>

**Coral Springs Improvement District
Management's Discussion and Analysis
September 30, 2021**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Other income (expense):						
Grant revenue	143,754	967,596	-	-	143,754	967,596
Interest income	26,010	93,371	45,758	252,583	71,768	345,954
Total other income (expense)	169,764	1,060,967	45,758	252,583	215,522	1,313,550
Change in net position	2,163,615	2,627,257	(192,733)	(89,825)	1,970,882	2,537,432
Net position, beginning of the year	16,376,425	13,749,168	41,367,564	41,457,389	57,743,989	55,206,557
Net position, end of the year	\$ 18,540,040	\$ 16,376,425	\$ 41,174,831	\$ 41,367,564	\$ 59,714,871	\$ 57,743,989

Analysis of the Governmental Funds

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

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$ 10,988,324.

Capital Assets and Debt Administration

The District's capital assets less accumulated depreciation for its governmental activities and business-type activities as of September 30, 2021 amounts to \$ 7,659,699 and \$ 49,774,305, respectively, and consists of land, buildings, infrastructure, machinery and equipment, easements and construction-in-progress.

At the end of the year, the District's business activities had general obligation bond debt outstanding of \$ 35,280,000.

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

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

The District experienced a favorable variance in revenues compared to the General Fund budget in the amount of \$ 191,344. The District also experienced a favorable variance in expenditures compared to the General Fund budget in the amount of \$ 308,811.

Economic Factors and Next Year's Budgets

The 2022 General Fund's budgeted expenditures increased by approximately \$ 5.1 million. The increase in expenditures reflects capital improvements budgeted for canal bank restoration, canal bank assessments, right-of-way clearing, and LP fuel tank storage capacity increase.

The District's proactive plan to minimize the impact of future hurricane loss included passing a resolution in 2018 to allow for the collection a \$ 1 million assessment each year since 2019 for three years for the Storm Damage reserve. The \$ 3 million that was collected will be used in 2022 towards the right-of-way clearings. Clearing of the right of ways will alleviate the need to maintain the reserve fund.

The 2022 Water and Sewer Funds' budgeted expenses increased by approximately 4.7%. A rate lower than the annual inflation rate for the United States of 6.8% according to the U.S Labor Department, data published on December 10 (the highest since June 1982). The new budget included the rehab of a lift station, purchase of portable generator, sewer lining spot repairs, lift stations camera work, and storage shed for generators.

Cybersecurity is a major concern among Government entities; the District is responding to this issue by outsourcing consulting services and increasing the budget to cover the expenses, in addition to \$ 10,000 Grant awarded from Egis Insurance to support this new project.

The District's utility rates increased 5% for water (including irrigations) and sewer as a result of the Rate Study Analysis completed during fiscal year 2019.

Last year, the District received the remaining Government funding in the amount of \$ 143,754 from the Hurricane Loss Mitigation Program. These funds were used for hurricane hardening of the General Fund's two pump stations. The total Grant awarded of \$ 194,000 started in the previous fiscal year.

The District had to replace two fuel storage tanks to due to a leak. The tanks are being paid for by the District and the remediation is being funded by the District's insurance policy.

Requests for Information

This financial report is designed to provide a general overview of Coral Springs Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Coral Springs Improvement District, 10300 N.W. 11th Manor, Coral Springs, Florida 33071.

BASIC FINANCIAL STATEMENTS

Coral Springs Improvement District
Statement of Net Position
September 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 8,583,857	\$ 16,200,511	\$ 24,784,368
Investments	2,479,480	5,182,317	7,661,797
Accounts receivable	-	1,353,754	1,353,754
Due from other governments	-	77,448	77,448
Internal balances	36,691	(36,691)	-
Prepaid items	3,000	75,984	78,984
Restricted cash and cash equivalents	-	4,591,530	4,591,530
Noncurrent assets:			
Capital assets:			
Depreciable (net)	7,106,499	48,641,200	55,747,699
Nondepreciable	553,200	1,133,105	1,686,305
	<u>18,762,727</u>	<u>77,219,158</u>	<u>95,981,885</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	-	1,225,212	1,225,212
Liabilities:			
Current liabilities:			
Accounts payable	21,735	246,845	268,580
Contracts payable	-	123,368	123,368
Accrued expenses	1,700	25,711	27,411
Compensated absences payable	35,238	279,912	315,150
Deposits	91,269	559,210	650,479
Payable from restricted assets:			
Accrued interest payable	-	358,680	358,680
Current portion of bonds payable	-	1,745,000	1,745,000
Noncurrent liabilities:			
Net OPEB obligation	20,908	125,595	146,503
Compensated absences payable	51,837	270,218	322,055
Bonds payable	-	33,535,000	33,535,000
	<u>222,687</u>	<u>37,269,539</u>	<u>37,492,226</u>
Net Position:			
Net investment in capital assets	7,659,699	14,494,305	22,154,004
Restricted for renewal and replacement	-	3,284,635	3,284,635
Restricted for debt service	-	1,306,895	1,306,895
Unrestricted	10,880,341	22,088,996	32,969,337
	<u>\$ 18,540,040</u>	<u>\$ 41,174,831</u>	<u>\$ 59,714,871</u>

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

**Coral Springs Improvement District
Statement of Activities
For the Year Ended September 30, 2021**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:						
Governmental activities:						
General government	\$ 474,463	\$ -	\$ -	\$ (474,463)	\$ -	\$ (474,463)
Physical environment	797,952	143,754	-	(646,398)	-	(646,398)
Provision for depreciation	393,170	-	-	(393,170)	-	(393,170)
Total governmental activities	<u>1,665,585</u>	<u>143,754</u>	<u>-</u>	<u>(1,514,031)</u>	<u>-</u>	<u>(1,514,031)</u>
Business-type activities:						
Personal services	5,472,976	-	-	-	(5,393,556)	(5,393,556)
Materials, supplies and services	2,981,269	-	-	-	11,059,682	11,059,682
Provision for depreciation	4,722,762	-	-	-	(4,722,762)	(4,722,762)
Interest and bad debt expense	1,233,026	-	-	-	(1,233,026)	(1,233,026)
Total business-type activities	<u>14,410,033</u>	<u>14,120,371</u>	<u>-</u>	<u>-</u>	<u>(289,662)</u>	<u>(289,662)</u>
Total primary government	<u>\$ 16,075,618</u>	<u>\$ 14,128,171</u>	<u>\$ -</u>	<u>(1,514,031)</u>	<u>(289,662)</u>	<u>(1,803,693)</u>
General revenues:						
Assessments			3,615,676		-	3,615,676
Interest income			26,010		45,758	71,768
Miscellaneous income			35,960		51,171	87,131
Total general revenues			<u>3,677,646</u>		<u>96,929</u>	<u>3,774,575</u>
Change in net position			2,163,615		(192,733)	1,970,882
Net position, October 1, 2020			16,376,425		41,367,564	57,743,989
Net position, September 30, 2021			<u>\$ 18,540,040</u>		<u>\$ 41,174,831</u>	<u>\$ 59,714,871</u>

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

**Coral Springs Improvement District
Balance Sheet - Governmental Fund
September 30, 2021**

	General Fund
Assets:	
Cash and cash equivalents	\$ 8,583,857
Investments	2,479,480
Due from proprietary fund	36,691
Prepaid items	<u>3,000</u>
Total assets	<u>\$ 11,103,028</u>
Liabilities:	
Accounts payable	\$ 21,735
Accrued expenditures	1,700
Deposits	<u>91,269</u>
Total liabilities	<u>114,704</u>
Fund Balance:	
Nonspendable:	
Prepaid items	3,000
Assigned to:	
Capital projects	5,650,000
First quarter operating reserves	350,000
Emergency	250,000
Storm damage reserves	3,000,000
Unassigned	<u>1,735,324</u>
Total fund balance	<u>10,988,324</u>
Total liabilities and fund balance	<u>\$ 11,103,028</u>

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

**Coral Springs Improvement District
 Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Position
 September 30, 2021**

Total Fund Balance - Governmental Fund \$ 10,988,324

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Cost of capital assets	\$	16,087,943		
Less accumulated depreciation		<u>(8,428,244)</u>		7,659,699

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

Net OPEB obligation	\$	(20,908)		
Compensated absences payable		<u>(87,075)</u>		<u>(107,983)</u>

Net Position of Governmental Activities \$ 18,540,040

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

**Coral Springs Improvement District
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund
For the Year Ended September 30, 2021**

	General Fund
Revenues:	
Assessments	\$ 3,615,676
Intergovernmental	143,754
Interest income	26,010
Miscellaneous income	35,960
Permit fees	<u>7,800</u>
Total revenues	<u>3,829,200</u>
Expenditures:	
Current:	
General government:	
Personal services	210,734
Operating	<u>267,303</u>
Total general government	<u>478,037</u>
Flood control:	
Personal services	451,103
Operating	<u>346,849</u>
Total flood control	<u>797,952</u>
Capital outlay	<u>945,635</u>
Total expenditures	<u>2,221,624</u>
Net change in fund balance	1,607,576
Fund Balance, October 1, 2020	<u>9,380,748</u>
Fund Balance, September 30, 2021	<u>\$ <u>10,988,324</u></u>

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

**Coral Springs Improvement District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balance of the Governmental Fund to the Statement of Activities
 For the Year Ended September 30, 2021**

Net Change in Fund Balance - Governmental Fund \$ 1,607,576

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

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

Expenditures for capital assets	\$ 945,635	
Current year provision for depreciation	<u>(393,170)</u>	552,465

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

Change in net OPEB obligation	\$ (2,391)	
Change in compensated absences	<u>5,965</u>	<u>3,574</u>

Change in Net Position of Governmental Activities \$ 2,163,615

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

**Coral Springs Improvement District
Statement of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual - General Fund
For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Assessments	\$ 3,600,896	\$ 3,600,896	\$ 3,615,676	\$ 14,780
Intergovernmental	-	-	143,754	143,754
Interest income	-	-	26,010	26,010
Miscellaneous income	35,960	35,960	35,960	-
Permit fees	<u>1,000</u>	<u>1,000</u>	<u>7,800</u>	<u>6,800</u>
Total revenues	<u>3,637,856</u>	<u>3,637,856</u>	<u>3,829,200</u>	<u>191,344</u>
Expenditures:				
Current:				
General government:				
Personal services	254,596	274,596	210,734	63,862
Operating	<u>394,518</u>	<u>318,018</u>	<u>267,303</u>	<u>50,715</u>
Total general government	<u>649,114</u>	<u>592,614</u>	<u>478,037</u>	<u>114,577</u>
Flood control:				
Personal services	479,563	501,063	451,103	49,960
Operating	<u>504,758</u>	<u>409,758</u>	<u>346,849</u>	<u>62,909</u>
Total flood control	<u>984,321</u>	<u>910,821</u>	<u>797,952</u>	<u>112,869</u>
Capital outlay	<u>839,500</u>	<u>950,500</u>	<u>945,635</u>	<u>4,865</u>
Total expenditures	<u>2,472,935</u>	<u>2,453,935</u>	<u>2,221,624</u>	<u>232,311</u>
Excess (deficiency) of revenues over expenditures	<u>1,164,921</u>	<u>1,183,921</u>	<u>1,607,576</u>	<u>423,655</u>
Other Financing Sources (Uses):				
Appropriation of prior years' fund balance	435,079	416,079	-	(416,079)
Assigned for first quarter operating reserves	(350,000)	(350,000)	-	350,000
Assigned for capital projects and emergency	(250,000)	(250,000)	-	250,000
Assigned for storm damage reserves	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>(1,164,921)</u>	<u>(1,183,921)</u>	<u>-</u>	<u>1,183,921</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,607,576	<u>\$ 1,607,576</u>
Fund Balance, October 1, 2020			<u>9,380,748</u>	
Fund Balance, September 30, 2021			<u>\$ 10,988,324</u>	

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

Coral Springs Improvement District
Statement of Net Position - Proprietary Fund
September 30, 2021

	<u>Water and Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 16,200,511
Investments	5,182,317
Accounts receivable	1,353,754
Due from other governments	77,448
Prepaid items	75,984
Restricted cash and cash equivalents	4,591,530
Noncurrent assets:	
Depreciable (net)	48,641,200
Nondepreciable	<u>1,133,105</u>
Total assets	<u>77,255,849</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>1,225,212</u>
Liabilities:	
Current liabilities:	
Accounts payable	246,845
Contracts payable	123,368
Accrued expenses	25,711
Due to general fund	36,691
Compensated absences payable	279,912
Deposits	559,210
Payable from restricted assets:	
Accrued interest payable	358,680
Current portion of bonds payable	1,745,000
Noncurrent liabilities:	
Net OPEB obligation	125,595
Compensated absences payable	270,218
Bonds payable	<u>33,535,000</u>
Total liabilities	<u>37,306,230</u>
Net Position:	
Net investment in capital assets	14,494,305
Restricted for renewal and replacement	3,284,635
Restricted for debt service	1,306,895
Unrestricted	<u>22,088,996</u>
Total net position	<u>\$ 41,174,831</u>

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

Coral Springs Improvement District
Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund
For the Year Ended September 30, 2021

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Charges for services:	
Water	\$ 7,116,517
Sewer	6,446,454
Contract personnel fees	79,420
Miscellaneous utility fees	361,139
Technology sharing fees	15,914
Rentals	<u>100,927</u>
Total operating revenues	<u>14,120,371</u>
Operating Expenses:	
Personal services	5,472,976
Materials, supplies and services	2,981,269
Provision for depreciation	<u>4,722,762</u>
Total operating expenses	<u>13,177,007</u>
Operating income	<u>943,364</u>
Nonoperating Revenues (Expenses):	
Interest income	45,758
Miscellaneous revenue	51,171
Interest expense	<u>(1,233,026)</u>
Total nonoperating revenues (expenses)	<u>(1,136,097)</u>
Change in net position	(192,733)
Net Position, October 1, 2020	<u>41,367,564</u>
Net Position, September 30, 2021	<u>\$ <u>41,174,831</u></u>

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

**Coral Springs Improvement District
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2021**

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 14,121,838
Cash paid to employees for services	(5,418,283)
Cash paid to suppliers for goods and services	<u>(2,629,520)</u>
Net cash provided by (used in) operating activities	<u>6,074,035</u>
Cash Flows from Noncapital Financing Activities:	
Cash received for miscellaneous activities	<u>51,171</u>
Net cash provided by (used in) noncapital financing activities	<u>51,171</u>
Cash Flows from Capital and Related Financing Activities:	
Interest paid and other fiscal charges	(1,127,738)
Bond principal payments	(1,695,000)
Purchase of capital assets	(1,241,764)
Sale of investments	<u>5,070,512</u>
Net cash provided by (used in) capital and related financing activities	<u>1,006,010</u>
Cash Flows from Investing Activities:	
Interest received	<u>49,532</u>
Net cash provided by (used in) investing activities	<u>49,532</u>
Net increase (decrease) in cash and cash equivalents	7,180,748
Cash and Cash Equivalents, October 1, 2020	<u>13,611,293</u>
Cash and Cash Equivalents, September 30, 2021	\$ <u><u>20,792,041</u></u>
Cash and Cash Equivalents per Statement of Net Position:	
Unrestricted	\$ 16,200,511
Restricted	<u>4,591,530</u>
	\$ <u><u>20,792,041</u></u>

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

Coral Springs Improvement District
Statement of Cash Flows - Proprietary Fund (continued)
For the Year Ended September 30, 2021

	<u>Water and Sewer Fund</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Operating income	\$ <u>943,364</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for depreciation	4,722,762
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(1,623)
Due from other governments	20,793
Prepaid items	265,371
Due from general fund	70,881
Increase (decrease) in liabilities:	
Accounts payable	46,436
Contracts payable	(51,732)
Accrued expenses	12,021
Compensated absences payable	24,937
Deposits	3,090
Net OPEB obligation	<u>17,735</u>
Total adjustments	<u>5,130,671</u>
Net cash provided by (used in) operating activities	\$ <u><u>6,074,035</u></u>

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

Note 1 - Organization and Operations

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

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The District's more significant accounting policies are described below.

Reporting entity: The criteria used for including component units consists of identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District has both governmental and business-type activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the District:

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Encumbrances: The District does not utilize encumbrance accounting.

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Capital assets: Capital assets, which include land, buildings, infrastructure, machinery and equipment and construction-in-progress, are reported in the governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District defines capital assets as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 5 to 40 years.

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Preceding Fiscal Year:

Enforceable lien date	January 1
Tax roll validated	June 1 and July 1
Taxes levied	November 1

Note 2 - Summary of Significant Accounting Policies (continued)

Current Fiscal Year:

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

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

Date of management review: Subsequent events were evaluated by management through January 11, 2022, which is the date the financial statements were available for issuance.

Note 3 - Deposits and Investments

Deposits: The District's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. These deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits was \$ 17,252,072 and the bank balance was \$ 17,382,929. In addition, the District had \$ 10,500 in petty cash.

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

Investments as of September 30, 2021 were as follows:

	Investments Measured at Amortized Cost	Maturity
	<u>Cost</u>	<u>Maturity</u>
Money Market mutual funds	\$ 12,113,326	N/A
State Board of Administration:		
Florida Prime	2,554,089	49 days
Florida Class	2,552,633	47 days
Florida Fit	<u>2,555,075</u>	7 days
	<u>\$ 19,775,123</u>	

These deposits and investments are reflected in the accompanying statement of net position as cash and cash equivalents of \$ 29,375,898 and investments of \$ 7,661,797.

**Coral Springs Improvement District
Notes to Basic Financial Statements
September 30, 2021**

Note 3 - Deposits and Investments (continued)

Credit risk: Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The State Board of Administration funds held by the District are rated AAAM by Standard and Poor's.

Interest rate risk: Florida Statutes state that the investment portfolio be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. The District's investments are not subject to interest rate risk.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments are subject to custodial credit risk.

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

Future debt service	\$ 1,306,895
Renewal and replacement of capital assets	<u>3,284,635</u>
 Total restricted cash and cash equivalents	 \$ <u><u>4,591,530</u></u>

Note 4 - Capital Assets

The following is a schedule of changes in capital assets during the year ended September 30, 2021:

	Balance, October 1, 2020	Additions	Deletions	Transfers	Balance, September 30, 2021
Governmental Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 281,659	\$ -	\$ -	\$ (281,659)	\$ -
Land	<u>553,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,200</u>
Total capital assets, not being depreciated	<u>834,859</u>	<u>-</u>	<u>-</u>	<u>(281,659)</u>	<u>553,200</u>
Capital assets, being depreciated:					
Infrastructure	13,458,832	884,587	-	281,659	14,625,078
Machinery and equipment	<u>865,543</u>	<u>61,048</u>	<u>16,926</u>	<u>-</u>	<u>909,665</u>
Total capital assets, being depreciated	<u>14,324,375</u>	<u>945,635</u>	<u>16,926</u>	<u>281,659</u>	<u>15,534,743</u>
Less accumulated depreciation for:					
Infrastructure	7,299,159	354,057	-	-	7,653,216
Machinery and equipment	<u>752,841</u>	<u>39,113</u>	<u>16,926</u>	<u>-</u>	<u>775,028</u>
Total accumulated depreciation	<u>8,052,000</u>	<u>393,170</u>	<u>16,926</u>	<u>-</u>	<u>8,428,244</u>
Total capital assets, being depreciated, net	<u>6,272,375</u>	<u>552,465</u>	<u>-</u>	<u>281,659</u>	<u>7,106,499</u>
Governmental activities capital assets, net	<u>\$ 7,107,234</u>	<u>\$ 552,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,659,699</u>

**Coral Springs Improvement District
Notes to Basic Financial Statements
September 30, 2021**

Note 4 - Capital Assets (continued)

	Balance, October 1, 2020	Additions	Deletions	Transfers	Balance, September 30, 2021
Business-Type Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 716,402	\$ 714,621	\$ -	\$ (1,054,655)	\$ 376,368
Easement	394,998	-	-	-	394,998
Land	361,739	-	-	-	361,739
	<u>1,473,139</u>	<u>714,621</u>	<u>-</u>	<u>(1,054,655)</u>	<u>1,133,105</u>
Total capital assets, not being depreciated					
Capital assets, being depreciated:					
Infrastructure	137,288,059	250,888	-	642,023	138,180,970
Buildings	1,632,892	-	-	-	1,632,892
Machinery and equipment	5,122,800	276,255	25,327	412,632	5,786,360
	<u>144,043,751</u>	<u>527,143</u>	<u>25,327</u>	<u>1,054,655</u>	<u>145,600,222</u>
Total capital assets, being depreciated					
Less accumulated depreciation for:					
Infrastructure	87,374,172	4,164,345	-	-	91,538,517
Buildings	1,501,063	14,094	-	-	1,515,157
Machinery and equipment	3,386,352	544,323	25,327	-	3,905,348
	<u>92,261,587</u>	<u>4,722,762</u>	<u>25,327</u>	<u>-</u>	<u>96,959,022</u>
Total accumulated depreciation					
Total capital assets, being depreciated, net					
	<u>51,782,164</u>	<u>(4,195,619)</u>	<u>-</u>	<u>1,054,655</u>	<u>48,641,200</u>
Business-type activities capital assets, net					
	<u>\$ 53,255,303</u>	<u>\$ (3,480,998)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,774,305</u>

Provision for depreciation was charged to functions as follows:

Total provision for depreciation - governmental activities	\$ <u>393,170</u>
Total provision for depreciation - business-type activities	\$ <u>4,722,762</u>

Note 5 - Commitments

The District has various ongoing construction contracts. As of September 30, 2021, commitments on uncompleted construction contracts totaled approximately \$ 1,144,000.

Note 6 - Debt

a. Summary of debt of business-type activities:

Debt at September 30, 2021 included the following:

\$ 42,830,000 Series 2016 Water and Sewer Refunding Revenue Bonds, due in annual installments through June 2031, at which time a balloon payment of \$ 17,530,000 plus interest will be due; interest is payable semi-annually at a fixed rate of 3.05%.	\$ <u>35,280,000</u>
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**Coral Springs Improvement District
Notes to Basic Financial Statements
September 30, 2021**

Note 6 - Debt (continued)

The following is a summary of the changes that occurred in the Water and Sewer Fund debt during the year ended September 30, 2021:

	Balance, October 1, 2020	Additions	Deletions	Balance, September 30, 2021	Due Within One Year	Provision for Amortization
Series 2016 Bond	\$ 36,975,000	\$ -	\$ 1,695,000	\$ 35,280,000	\$ 1,745,000	\$ 122,521
	<u>\$ 36,975,000</u>	<u>\$ -</u>	<u>\$ 1,695,000</u>	<u>\$ 35,280,000</u>	<u>\$ 1,745,000</u>	<u>\$ 122,521</u>

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

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

c. The annual debt service requirements are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 1,745,000	\$ 1,076,040	\$ 2,821,040
2023	1,795,000	1,022,818	2,817,818
2024	1,850,000	968,070	2,818,070
2025	1,910,000	911,646	2,821,646
2026	1,965,000	853,390	2,818,390
2027-2031	<u>26,015,000</u>	<u>3,330,140</u>	<u>29,345,140</u>
	<u>\$ 35,280,000</u>	<u>\$ 8,162,104</u>	<u>\$ 43,442,104</u>

Note 7 - Restricted Net Position

Proprietary Fund: The 2016 Series Bonds established a Renewal and Replacement Account to be used for the purpose of paying the costs of nonrecurring maintenance expenditures, extensions, improvements or additions to, or the replacement of the water and sewer system. The minimum required balance for the Renewal and Replacement Account is \$ 1,000,000. The balance in the Renewal and Replacement Account at September 30, 2021 was \$ 3,284,635 which is reflected as restricted net position in the accompanying statement of net position for the proprietary fund.

Note 8 - Compensated Absences Payable

Employees of the District accumulate unused sick and vacation time up to a specified number of hours depending on the employee's length of employment. Accumulated sick and vacation time can be redeemed in cash at retirement. The accumulated liability for the unused compensated absences at September 30, 2021 of the General Fund is considered to be payable from future resources and, accordingly, is only recorded in the governmental activities column of the statement of net position.

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

Balance, October 1, 2020	Net Increase (Decrease)	Balance, September 30, 2021	Due Within One Year
\$ <u>93,040</u>	\$ <u>(5,965)</u>	\$ <u>87,075</u>	\$ <u>35,238</u>

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

Balance, October 1, 2020	Net Increase (Decrease)	Balance, September 30, 2021	Due Within One Year
\$ <u>525,193</u>	\$ <u>24,937</u>	\$ <u>550,130</u>	\$ <u>279,912</u>

Note 9 - Retirement Plan

The District has a defined contribution pension plan qualified under Sections 401(a), 403(a), and 501(a) of the Internal Revenue Code. The Plan is administered by independent trustees. All employees who meet the three consecutive months of employment are qualified to participate. All contributions to the plan are fully funded through employer contributions. Total salaries for the year were \$ 4,191,785. Total salaries of qualified participants were \$ 4,122,912. Each participant's non-forfeitable percentage of his employer's contribution account relating to contributions up to 6% of compensation increases (vests) at 20% for each year of plan participation. The remainder of the employer's contribution account for contributions in excess of 6% of compensation, increases (vests) immediately.

The District has a deferred compensation plan qualified under Section 457(b) of the Internal Revenue code. The Plan is administered by an independent trustee. All full-time employees who meet the three consecutive months of employment and are of 18 years of age are qualified to participate. All contributions to the plan are fully funded through employee payroll deduction. Total salaries for the year were \$ 4,191,785. Total salaries of qualified participants were \$ 4,164,645.

Employer contributions for the year, less forfeitures from terminated employees, totaled \$ 493,821 and are included in personal services of the General and Water and Sewer Funds.

Note 10 - Post-Employment Benefits

Plan Description

The District provides post-employment health insurance benefits, also known as other postemployment benefits (“OPEB”) to its retired employees through a single-employer plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District or its major component unit and eligible dependents may continue to participate in the District’s fully-insured benefit plan for medical insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided until the retiree’s attainment of age 65 (or until such time at which retiree discontinues coverage under the District sponsored plans, if earlier). There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statements No. 75 and as a result, there is no separate financial report issued.

As of the September 30, 2019 actuarial valuation, there were 55 active plan members and no inactive members currently receiving benefits or entitled to but not yet receiving benefits.

Funding Policy

Currently, the District’s Other Post-Employment Benefits are unfunded. That is, the District has not determined if a separate Trust Fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Current and future retirees will be required to pay 100% of the blended premium to continue coverage under the District’s group health insurance program.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each Alternative Measurement Method (“AMM”) calculation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. As authorized by GASB Statement No. 75, the AMM allows the employer to use simplifications of certain assumptions in measuring the costs and liabilities.

The following simplifying assumptions were made:

- Actuarial cost method - Entry Age Normal
- Inflation rate - 2.25%
- Discount rate - 2.41%
- Salary increases - 3.50%

Note 10 - Post-Employment Benefits (continued)

Retirement age for active employees - Earlier of age 62 with at least 6 years of service, or at least 30 years of service at any age; participants who have attained such age as of the valuation date are assumed to retire one year after the valuation date.

Active Member Marital Status - Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 0%. For active employees, spouses' genders were assumed to be opposite to the members' genders and females were assumed 3 years younger than their spouses. Covered spouse data were collected for current retired plan members as of the valuation date and were assumed to remain unchanged until the assumed death of the spouses.

Mortality - Life expectancies were based on the RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.

Healthcare Cost Trend Rates - 4.90% for the fiscal year beginning 2020, 6.25% for fiscal year beginning 2021 and then gradually decreasing to an ultimate trend rate of 4.00%.

Health insurance premiums - Health insurance premiums for retirees in effect at October 1, 2019 were used as the basis for calculation of the present value of total benefits to be paid.

Assumption Changes - The discount rate was changed from 2.75% as of the previous measurement period to 2.41% as of September 30, 2020. There were no benefit changes during the year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following presents the plan's total OPEB liability, calculated using a discount rate of 2.41%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Decrease</u> 1.41%	Current Discount Rate Assumption 2.41%	<u>1% Increase</u> 3.41%
Net OPEB Liability	\$ <u>160,259</u>	\$ <u>146,503</u>	\$ <u>133,107</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trends Rate: The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate Assumption	<u>1% Increase</u>
Net OPEB Liability	\$ <u>126,140</u>	\$ <u>146,503</u>	\$ <u>171,200</u>

Note 11 - Risk Management

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

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

Note 12 - Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Supervisors continue to evaluate and monitor the potential adverse effect, if any, that this event may have on the District's financial position, operations, and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

REQUIRED SUPPLEMENTAL INFORMATION



**Coral Springs Improvement District
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Other Post-Employment Benefits (OPEB) Plan
(Unaudited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:				
Service cost	\$ 11,694	\$ 11,087	\$ 11,287	\$ 11,663
Interest on the total OPEB liability	3,797	5,328	4,449	3,592
Difference between expected and actual experience	-	(32,807)	-	-
Changes in assumption and other inputs	<u>4,635</u>	<u>14,747</u>	<u>(3,542)</u>	<u>(3,641)</u>
Net Change in Total OPEB Liability	20,126	(1,645)	12,194	11,614
Total OPEB Liability - Beginning	<u>126,377</u>	<u>128,022</u>	<u>115,828</u>	<u>104,214</u>
Total OPEB Liability - Ending	<u>\$ 146,503</u>	<u>\$ 126,377</u>	<u>\$ 128,022</u>	<u>\$ 115,828</u>
Covered-employee Payroll *	\$ 3,975,452	\$ 3,568,166	\$ 3,395,535	\$ 3,438,220
District's Net OPEB Liability as Percentage of Covered-employee Payroll	3.69%	3.54%	3.77%	3.37%

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

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

**Coral Springs Improvement District
Required Supplementary Information
Schedule of District Contributions
Other Post-Employment Benefits (OPEB) Plan
(Unaudited)**

The District does not currently contribute to the OPEB Plan and therefore there is no funding schedule.

OTHER
FINANCIAL INFORMATION

Coral Springs Improvement District
Schedule of Operating Expenses by Department - Proprietary Fund
For the Year Ended September 30, 2021

	<u>Water and Sewer Fund</u>
Administrative Operations:	
Personal services	\$ 1,569,518
Materials, supplies and services	553,555
Provision for depreciation	<u>46,146</u>
Total administrative operations	<u>2,169,219</u>
Plant Operations:	
Personal services	2,805,037
Materials, supplies and services	1,802,412
Provision for depreciation	<u>3,699,462</u>
Total plant operations	<u>8,306,911</u>
Field Operations:	
Personal services	1,098,421
Materials, supplies and services	625,302
Provision for depreciation	<u>977,154</u>
Total field operations	<u>2,700,877</u>
Total operating expenses	<u>\$ 13,177,007</u>

OTHER REPORTS OF INDEPENDENT AUDITORS



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

The Board of Supervisors
Coral Springs Improvement District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Coral Springs Improvement District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 11, 2022

INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

The Board of Supervisors
Coral Springs Improvement District

Report on the Financial Statements

We have audited the financial statements of Coral Springs Improvement District (the "District"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated January 11, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 11, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.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 the review of financial information provided by same.

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General, the District reported the specific information in Exhibit 1 accompanying this report. The information for compliance with Section 218.39(3)(c), Florida Statutes and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Monthly Financial Statements

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

Transparency

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

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 11, 2022

Coral Springs Improvement District

Exhibit 1

Data Elements Required By Section 218.39(3)(c), Florida Statutes and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General (Unaudited)

Data Element	Comments
Number of district employees compensated at 9/30/2021	68
Number of independent contractors compensated in September 2021	1
Employee compensation for FYE 9/30/2021 (paid/accrued)	\$4,182,160
Independent contractor compensation for FYE 9/30/2021 (paid/accrued)	\$209,328
Each construction project to begin on or after October 1; (>\$65K)	10
Fuel Storage Facility	\$162,863
Tank and Piping	\$88,393
Canal Bank Stabilization	\$770,270
Building Generator Replacement	\$830,820
Digester Improvements	\$82,329
Canal Right-of-Way	\$182,524
Culvert Cleaning	\$69,000
Lift Station #9 Repairs	\$130,515
Lift Station #3 Repairs	\$157,640
Lift Station #8 Repairs	\$166,248
Underground Storage Tank	\$240,819
Budget variance report	Page 15
Ad valorem taxes:	
Millage rate FYE 9/30/2021	Not applicable
Ad valorem taxes collected FYE 9/30/2021	Not applicable
Non ad valorem special assessments:	
Special assessment rate FYE 9/30/2021	Operating and maintenance \$119.24 to \$539.58
Special assessments collected FYE 9/30/2021	\$3,615,676
Outstanding Bonds:	
Series 2016, due June 1, 2031	\$35,280,000 - See Note 6

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

To the Board of Supervisors,
Coral Springs Improvement District

We have examined Coral Springs Improvement District (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the District's compliance with the specific requirements. Our responsibility is to express an opinion on the District's compliance with the specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 11, 2022

CPA's + Trusted Advisors