

**NORTH LAKES  
MAINTENANCE DISTRICT**

**Hillsborough County, Florida**

**for the year ended SEPTEMBER 30, 2017**

**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<br>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<br>REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT<br>OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT<br/>AUDITING STANDARDS</i> ..... | 19 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF<br>SECTION 218.418, FLORIDA STATUTES, REQUIRED BY RULE 10.556(1) OF THE<br>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, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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

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

### ***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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, 2017, 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 February 27, 2018 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,

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

February 27, 2018  
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, 2017.

***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 \$116,764.
- The District's total net position decreased by \$3,016 from the prior fiscal year.
- Revenues from tax assessments remained materially unchanged from the prior fiscal year.
- The District's general operating expenditures increased by \$1,418 during the current fiscal year primarily due to an increase in other contractual services 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, 2016 and 2017:

|                                  | <b>Net Position, End of Year</b> |                   |                                |
|----------------------------------|----------------------------------|-------------------|--------------------------------|
|                                  | <u>Governmental Activities</u>   |                   |                                |
|                                  | <u>9-30-16</u>                   | <u>9-30-17</u>    | <u>Increase<br/>(Decrease)</u> |
| <b>ASSETS</b>                    |                                  |                   |                                |
| Current Assets                   | \$ 75,220                        | \$ 72,204         | \$ (3,016)                     |
| Capital Assets, Net              | 44,560                           | 44,560            | -                              |
| Total Assets                     | <u>119,780</u>                   | <u>116,764</u>    | <u>(3,016)</u>                 |
| <b>LIABILITIES</b>               |                                  |                   |                                |
| Current Liabilities              | -                                | -                 | -                              |
| Total Liabilities                | <u>-</u>                         | <u>-</u>          | <u>-</u>                       |
| <b>NET POSITION</b>              |                                  |                   |                                |
| Net Investment in Capital Assets | 44,560                           | 44,560            | -                              |
| Restricted                       | <u>75,220</u>                    | <u>72,204</u>     | <u>(3,016)</u>                 |
| Total Net Position               | <u>\$ 119,780</u>                | <u>\$ 116,764</u> | <u>\$ (3,016)</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, 2016 and 2017 are as follows:

|  | <b>Operating Results for the Year</b> |                   |                                |
|--|---------------------------------------|-------------------|--------------------------------|
|  | <u>Governmental Activities</u>        |                   |                                |
|  | <u>9-30-16</u>                        | <u>9-30-17</u>    | <u>Increase<br/>(Decrease)</u> |
| <b>Revenues:</b>                           |                                       |                   |                                |
| Non-ad valorem Taxes                       | \$ 51,357                             | \$ 51,386         | \$ 29                          |
| Interest & Other                           | 39                                    | 54                | 15                             |
| <b>Total Revenues</b>                      | <u>51,396</u>                         | <u>51,440</u>     | <u>44</u>                      |
| <b>Expenses:</b>                           |                                       |                   |                                |
| Current Operations:                        |                                       |                   |                                |
| Environment:                               |                                       |                   |                                |
| Professional Services                      | 12,000                                | 12,125            | 125                            |
| Accounting & Auditing                      | 2,100                                 | 2,100             | -                              |
| Other Contractual Services                 | 10,150                                | 11,725            | 1,575                          |
| Communication Services                     | 724                                   | 1,425             | 701                            |
| Utilities                                  | 5,294                                 | 3,286             | (2,008)                        |
| Insurance                                  | 100                                   | 200               | 100                            |
| Repairs and Maintenance                    | 21,420                                | 22,050            | 630                            |
| Other Charges & Fees                       | 228                                   | 523               | 295                            |
| Tax Collector Fees                         | 1,022                                 | 1,022             | -                              |
| <b>Total Expenses</b>                      | <u>53,038</u>                         | <u>54,456</u>     | <u>1,418</u>                   |
| <b>Increase/(Decrease) in Net Position</b> | <u>\$ (1,642)</u>                     | <u>\$ (3,016)</u> | <u>\$ (1,374)</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, 2017**

|                                  | <u>Governmental<br/>Activities</u> |
|----------------------------------|------------------------------------|
| <b>ASSETS</b>                    |                                    |
| Cash and Cash Equivalents        | \$ 72,204                          |
| Capital Assets                   | <u>44,560</u>                      |
| Total Assets                     | <u><u>116,764</u></u>              |
| <br>                             |                                    |
| <b>LIABILITIES</b>               |                                    |
| Accounts Payable                 | <u>-</u>                           |
| Total Liabilities                | <u><u>-</u></u>                    |
| <br>                             |                                    |
| <b>NET POSITION</b>              |                                    |
| Net Investment in Capital Assets | 44,560                             |
| Restricted                       | <u>72,204</u>                      |
| Total Net Position               | <u><u>\$ 116,764</u></u>           |

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, 2017**

|                             | Expenses  | Program<br>Revenues | Net Revenue/<br>(Expense) and<br>Change in<br>Net Position<br><u>Governmental<br/>Activities</u> |
|-----------------------------|-----------|---------------------|--|
| <b>Functions/Programs:</b>  |           |                     |  |
| Governmental Activities:    |           |                     |  |
| Environmental               | \$ 54,456 | \$ -                | \$ (54,456)  |
| <br><b>General Revenues</b> |           |                     |  |
| Taxes:                      |           |                     |  |
| Property                    |           |                     | 51,386   |
| Interest & Other            |           |                     | 54   |
| Total General Revenues      |           |                     | 51,440   |
| Change in Net Position      |           |                     | (3,016)  |
| Net Position - Beginning    |           |                     | 119,780  |
| Net Position - Ending       |           |                     | \$ 116,764   |

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, 2017**

|                                    | <u>Special<br/>Revenue<br/>Fund</u> |
|------------------------------------|-------------------------------------|
| <b>ASSETS</b>                      |                                     |
| Cash and Cash Equivalents          | \$ 72,204                           |
| Total Assets                       | <u>\$ 72,204</u>                    |
| <br>                               |                                     |
| <b>LIABILITIES</b>                 |                                     |
| Accounts Payable                   | -                                   |
| Total Liabilities                  | <u>-</u>                            |
| <br>                               |                                     |
| <b>FUND BALANCE</b>                |                                     |
| Restricted                         | 72,204                              |
| Total Liabilities and Fund Balance | <u>\$ 72,204</u>                    |

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

|  |                   |
|--|-------------------|
| Total Fund Balance - Governmental Fund   | \$ 72,204         |
| <br>   |                   |
| 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 as assets in governmental funds. | 44,560            |
| Total Net Position of Governmental Activities  | <u>\$ 116,764</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, 2017**

|                                       | Special Revenue<br>Fund |
|---------------------------------------|-------------------------|
| <b>REVENUES</b>                       |                         |
| Non-ad valorem taxes                  | \$ 51,386               |
| Interest & Other                      | 54                      |
| Total Revenues                        | 51,440                  |
| <b>EXPENDITURES</b>                   |                         |
| Current Operations - Environment:     |                         |
| Professional Services                 | 12,125                  |
| Accounting & Auditing                 | 2,100                   |
| Contractual Services                  | 11,725                  |
| Communication Services                | 1,425                   |
| Utilities                             | 3,286                   |
| Insurance                             | 200                     |
| Repairs and Maintenance               | 22,050                  |
| Other Charges & Fees                  | 523                     |
| Tax Collector/Property Appraiser Fees | 1,022                   |
| Total Expenditures                    | 54,456                  |
| Net Change in Fund Balance            | (3,016)                 |
| Fund Balance - Beginning              | 75,220                  |
| Fund Balance - Ending                 | \$ 72,204               |

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, 2017**

**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, 2017**

**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 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.

**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.

**NORTH LAKES MAINTENANCE DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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.

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. The District has determined that depreciation of infrastructure is computed and recorded by the straight-line method over the useful life of the infrastructure.

**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:

**NORTH LAKES MAINTENANCE DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

**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.

**NORTH LAKES MAINTENANCE DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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.

All of the District's recurring fair value measurements as of September 30, 2017 are valued using quoted market prices (Level 1 inputs).

The District's investments at September 30, 2017, are reported as follows:

|   | <u>Amount</u>          | <u>Credit Risk</u> | <u>Maturities</u>                             |
|---|------------------------|--------------------|---|
| <b>Investments measured at amortized cost</b> |                        |                    |   |
| External Investment Pool:                     |                        |                    |   |
| SBA Florida PRIME                             | \$ 2,690               | S&P AAAM           | Weighted average days<br>to maturity: 51 days |
| Total investments measured at amortized cost  | <u>2,690</u>           |                    |   |
| <b>Total District Investments</b>             | <u><u>\$ 2,690</u></u> |                    |   |

*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.

**NOTE 4: CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| <u>GOVERNMENTAL ACTIVITIES</u>              |                              |                  |                  |                           |
| Capital Assets Not Being Depreciated:       |                              |                  |                  |                           |
| Land Improvements                           | \$ 44,560                    | \$ -             | \$ -             | \$ 44,560                 |
| Governmental Activities Capital Assets, Net | <u>\$ 44,560</u>             | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 44,560</u>          |

**NORTH LAKES MAINTENANCE DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 5: REVENUE**

The 2016 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          | 359                     |
| <i>Less: Discounts</i>            | <u>(1,893)</u>          |
| Total Non-ad Valorem Tax Revenue  | <u>51,386</u>           |
| <i>Less: Tax Collector Fees</i>   | <u>(1,022)</u>          |
| Total Remittances to the District | <u><u>\$ 50,364</u></u> |

***REQUIRED SUPPLEMENTARY INFORMATION***

**NORTH LAKES MAINTENANCE DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
BUDGETARY COMPARISON STATEMENT - GOVERNMENTAL FUND - Unaudited  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|                                       | Original/Final<br>Budget | Actual           | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---------------------------------------|--------------------------|------------------|--|
| <b>REVENUES</b>                       |                          |                  |  |
| Non-ad valorem Taxes                  | \$ 50,272                | \$ 51,386        | \$ 1,114   |
| Interest & Other                      | 40                       | 54               | 14   |
| Total Revenues                        | <u>50,312</u>            | <u>51,440</u>    | <u>1,128</u>   |
| <b>EXPENDITURES</b>                   |                          |                  |  |
| Professional Services                 | 12,000                   | 12,125           | (125)  |
| Accounting & Auditing                 | 3,000                    | 2,100            | 900  |
| Contractual Services                  | 21,000                   | 11,725           | 9,275  |
| Communication Services                | 4,765                    | 1,425            | 3,340  |
| Utilities                             | 7,800                    | 3,286            | 4,514  |
| Insurance                             | 9,150                    | 200              | 8,950  |
| Repairs and Maintenance               | 46,040                   | 22,050           | 23,990   |
| Other Charges & Fees                  | 552                      | 523              | 29   |
| Office Supplies                       | 300                      | -                | 300  |
| Capital Improvements                  | 10,000                   | -                | 10,000   |
| Tax Collector/Property Appraiser Fees | 2,117                    | 1,022            | 1,095  |
| Total Expenditures                    | <u>116,724</u>           | <u>54,456</u>    | <u>62,268</u>  |
| Net Change in Fund Balance            | (66,412)                 | (3,016)          | 63,396   |
| Fund Balance - Beginning              | 66,412                   | 75,220           | 8,808  |
| Fund Balance - Ending                 | <u>\$ -</u>              | <u>\$ 72,204</u> | <u>\$ 72,204</u>   |

See Independent Auditor's Report.

**NORTH LAKES MAINTENANCE DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2017**

**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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 27, 2018.

**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.

February 27, 2018  
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, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

This report is intended solely for the information and use of 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*

February 27, 2018  
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, 2017, and have issued our report thereon dated February 27, 2018.

### **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 February 27, 2018, 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

### **Annual Financial Report**

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

### **Special District Component Units**

Section 10.554(1)(i)5.d., 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,

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

February 27, 2018  
Tampa, Florida