

SPRING LAKE IMPROVEMENT DISTRICT

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR**

**YEAR ENDED
SEPTEMBER 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Spring Lake Improvement District
Sebring, Florida

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Spring Lake Improvement District (the "District") as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Managements Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants - Management Consulting Services Division/Private Companies Practice Section/Tax Division

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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 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 financial position of the governmental activities and each major fund of the District as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

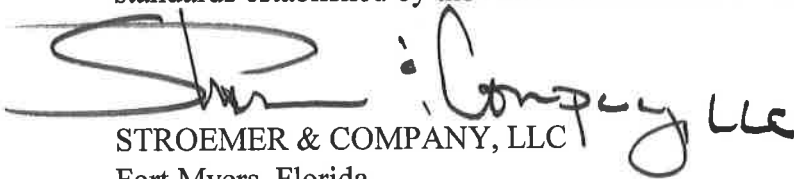
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part 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 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 requires, 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 May 6, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated May 6, 2016, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC

Fort Myers, Florida

May 6, 2016

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)**

**SPRING LAKE IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2015**

The discussion and analysis of Spring Lake Improvement District is to inform readers of the District's financial activities for the fiscal year ending September 30, 2015. This discussion and analysis should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- In 2015 the District's net position increased by \$934,015 (or 19%). The governmental net position increased by \$917,190 (or 34%) and the business-type net position increased \$16,825 (or 1%).
- Comparing FY 2015 with FY 2014 the governmental activities revenue increased \$793,237 (or 67%) and the net results from activities increased by \$859,153 (or 1,481%).
- Comparing FY 2015 with FY 2014 the business-type revenue increased by \$93,596 (or 12%) and the net results from activities decreased by \$59,375 (or 78%).
- In 2015, the District's Capital Assets (net of depreciation) increased by \$988,497 (or 27%). The governmental capital assets increased by \$986,448 (or 38%) and the business-type capital assets increased by \$2,049 (or 1%).

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the Spring Lake Improvement District's basic financial statements. The District's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

The government-wide financial statements are designed to provide readers with a broad view of the Spring Lake Improvement District's overall financial status. 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 Spring Lake Improvement District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds, current financial resources with capital assets and long-term obligations. Other factors should also be taken into consideration, such as changes in the District's property tax base and the condition of the District's infrastructure to assess the overall health or financial condition of the District. The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All of the current year revenue

OVERVIEW OF FINANCIAL STATEMENTS, CONTINUED

and expenses are taken into account regardless of when cash is received or paid. Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting. In the Statement of Net Position and the Statement of Activities, the Spring Lake Improvement District is divided into two kinds of activities:

- **Governmental Activities** - Most of the District's basic services are reported here: drainage, transportation, parks and recreation, mosquito control and general administration. Special assessments and user fees finance most of these activities.
- **Business Activities** - The District charges a fee to customers to help it cover all or most of the cost of certain services it provides. The District's water, lot mowing, and waste water operations are reported here.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Each fund is considered a separate accounting entity. The Spring Lake Improvement District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial related requirements. The District's funds are divided into two categories: governmental funds and proprietary funds. Each fund and fund account has its own account groups and sub-accounts respectfully.

Governmental Fund Types - The majority of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Revenues are generated primarily from special assessments and user fees. Expenditures are incurred to provide drainage, general government, street lighting, mosquito control and recreational facilities. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basics services it provides.

The Spring Lake Improvement District maintains one governmental fund. Information is presented in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures, and Change in Fund Balances for the General Fund, which is considered to be a major fund.

OVERVIEW OF FINANCIAL STATEMENTS, CONTINUED

Proprietary Fund Types - The Spring Lake Improvement District charges customers for the services it provides, whether to outside landowners or the other units within the District. These services are generally reported in proprietary funds.

Proprietary funds are reported the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail by fund. The Spring Lake Improvement District maintains three enterprise funds: water, lot mowing, and waste water.

NOTES TO THE FINANCIAL STATEMENTS

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

FINANCIAL ANALYSIS - GOVERNMENT-WIDE

The government-wide financial statements report information about the District as a whole. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year revenues received and expenses reported are accounted for in the Statement of Activities. Net position may serve over time as a useful indicator of a government's financial position.

**SPRING LAKE IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2015**

FINANCIAL ANALYSIS - GOVERNMENT-WIDE, CONTINUED

Statement of Net Position

As of September 30,

	Governmental		Business-type		Totals	
	Activities	Activities	Activities	Activities	Activities	Activities
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other asset	\$1,125,467	\$ 756,237	\$1,374,004	\$1,365,816	\$2,499,471	\$2,122,053
Capital assets	<u>3,590,139</u>	<u>2,603,691</u>	<u>1,067,229</u>	<u>1,065,181</u>	<u>4,657,368</u>	<u>3,668,872</u>
Total assets	4,715,606	3,359,928	2,441,233	2,430,997	7,156,839	5,790,925
Liabilities:						
Current liabilities	628,359	235,688	57,010	67,787	685,369	303,475
Long-term liabilities	<u>405,258</u>	<u>359,441</u>	<u>19,539</u>	<u>15,351</u>	<u>424,797</u>	<u>374,792</u>
Total liabilities	1,033,617	595,129	76,549	83,138	1,110,166	678,267
Net position:						
Net investment in capital assets	2,591,553	2,068,011	1,067,229	1,065,181	3,658,782	3,133,192
Unrestricted	<u>1,090,436</u>	<u>696,788</u>	<u>1,297,455</u>	<u>1,282,678</u>	<u>2,387,891</u>	<u>1,979,466</u>
Total net position	<u>\$3,681,989</u>	<u>\$2,764,799</u>	<u>\$2,364,684</u>	<u>\$2,347,859</u>	<u>\$6,046,673</u>	<u>\$5,112,658</u>

Governmental Activities

The increase in governmental net position of \$917,190 is the result of the Stormwater Treatment Project (STA) and funds due from the FDEP 319 Grant and Legislative Appropriation. The District spent \$899,538 on engineering and construction for the STA Project. The District spent \$33,241 in Land Acquisition purchasing additional lands along the levee to be used in the Water Control Plan. The District spent \$233,492 in Capital Outlay purchases consisting of \$104,577 for the Trackhoe, \$100,265 for the Hydrema Dump Truck, \$2,614 for the Telemetry system at the pump station, \$4,681 for a portable de-watering pump, \$1,700 for a share of a diagnostic scanner for the shop, \$1,655 for 5 entrance signs, and \$18,000 for a new pavilion at the Pine Breeze park.

**SPRING LAKE IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2015**

FINANCIAL ANALYSIS - GOVERNMENT-WIDE, CONTINUED

Business - Type Activities

The increase in business-type net position of \$16,825 was primarily due to the Waste Water Plant purchase in March 2015. The Wastewater Fund spent \$16,800 on land acquisition and \$5,193 on the building for the Wastewater Treatment Plant. \$6,285 was spent on a pump for the main lift station. The Water Fund spent \$4,800 on the new GIS Mapping System software, \$3,920 on the Telemetry system at the water plant, \$1,020 for a share of a diagnostic scanner for the shop, \$5,972 for a Trench Box, \$9,475 for a Water Pump, \$7,259 for two Water Meters and \$6,450 for 3 Chlorine Pumps at the Water Plant. The Lot Mowing Fund spent \$680 for a share of a diagnostic scanner for the shop, \$55,614 for a John Deere Tractor, and \$13,895 for a Rhino Mower.

**Changes in Net Position
Year ended September 30,**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$1,084,623	\$1,187,245	\$ 867,315	\$ 775,168	\$1,951,938	\$1,962,413
General revenues:						
Investment earnings	1,602	1,579	3,559	2,110	5,161	3,689
Miscellaneous	-	-	-	-	-	-
Capital grants and contributions	899,538	-	-	-	899,538	-
Gain (loss) on sale of capital assets	-	3,702	-	-	-	3,702
Total revenues	1,985,763	1,192,526	870,874	777,278	2,856,637	1,969,804

**SPRING LAKE IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2015**

FINANCIAL ANALYSIS - GOVERNMENT-WIDE, CONTINUED

**Changes in Net Position, continued
Year ended September 30,**

	Governmental		Business-type		Totals	
	Activities		Activities		2015	2014
	2015	2014	2015	2014	2015	2014
Expenses:						
General government	187,588	192,397	-	-	187,588	192,397
Physical environment	630,992	671,724	-	-	630,992	671,724
Transportation	92,741	93,730	-	-	92,741	93,730
Parks and recreation	139,721	141,565	-	-	139,721	141,565
Interest expense	23,721	41,263	-	-	23,721	41,263
Water utility	-	-	543,342	516,618	543,342	516,618
Lot mowing	-	-	183,838	178,270	183,838	178,270
Wastewater	-	-	120,679	-	120,679	-
Total expenses	1,074,763	1,140,679	847,859	694,888	1,922,622	1,835,567
Transfer in (out)	6,190	6,190	(6,190)	(6,190)	-	-
Change in net position	917,190	58,037	16,825	76,200	934,015	134,237
Net position - October 1	2,764,799	2,706,762	2,347,859	2,271,659	5,112,658	4,978,421
Net position - September 30	<u>\$3,681,989</u>	<u>\$2,764,799</u>	<u>\$2,364,684</u>	<u>\$2,347,859</u>	<u>\$6,046,673</u>	<u>\$5,112,658</u>

FINANCIAL ANALYSIS OF THE DISTRICT FUNDS

Governmental Funds

Significant differences in revenues between the fund statements and the statement of activities are because grant revenue was not collected until several months after year end. As a result, revenue of \$752,439 is recognized in the statement of activities, but is not recognized as revenue in the general fund statement of revenue, expenditures and changes in fund balance because it is not available to meet current spending needs.

When compared to last year, assessment rates decreased \$30.82 per unit or \$115,452, expenditures increased \$923,231 (or 73%) and revenues increased by \$35,799 (or 3%). Assessment collections were down 3% from the prior fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT FUNDS, CONTINUED

Governmental Funds, continued

General Government - provides the resources necessary to sustain the day to day operations of the District and includes legal counsel, engineering, management advisors, personnel, insurance and planning and development. This fiscal year, General Government expenditures decreased \$4,809 (or 2%). The decrease was attributable to re-classifying expenses to the proper department, and a reduction in equipment lease.

Drainage - provides various systems to maintain flood control in the District consisting of 17.1 miles of canals, a pumping station and water control structures and includes chemicals, canal and pump station maintenance, fuel and personnel. This fiscal year, Drainage expenses decreased \$41,760 (or 14%). The decrease was attributable to re-allocation of salaries, and a decrease in fuel costs, and engineering.

Parks and Recreation - which includes all District parks, tennis court and community center costs decreased \$2,163 (or 2%).

Street Lighting - provides street lights located throughout the District. Costs decreased \$989 (or 1%).

Mosquito Control - provides a mosquito control program within areas of the District. Expenses for the year decreased \$29 (or less than 1%).

Capital Outlay - which relates to fixed capital expenditures or fixed capital outlay associated with the construction or improvement of facilities, land acquisitions or improvement, design and engineering costs related thereto. When compared to last years' capital outlay purchases, expenses increased \$1,065,662 (or 1,060%). The increase was attributable to the costs of the Stormwater Treatment Project.

Proprietary Funds

There are no significant differences in revenue between the fund statements and the Statement of Activities.

Business-type activities include water, lot mowing and wastewater. When compared to last year's business-type expenses increased by \$152,971 (or 22%) and revenues increased \$93,596 (or 12%).

**SPRING LAKE IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT FUNDS, CONTINUED

Water System - The District's water system operating revenues decreased by \$19,685 (or 3%) from the prior year. The District's water system expenses increased by \$26,724 (or 5%).

Lot Mowing - The District operates a lot mowing program for the benefit of all affected landowners in the District. When compared to last year, charges for services increased \$19,546 (or 11%). This increase was attributable to an increase in the lot mowing assessment fee. Collections were at 87% for FY 2015. Expenses increased \$5,568 (or 3%)

Wastewater - The District acquired a wastewater system during 2015. The system generated charges for services revenues of \$92,286, and operating expenses were \$120,679.

GENERAL FUND BUDGETARY HIGHLIGHTS

The change between the original and final budgetary appropriations amounted to an increase of \$841,440 "for expenditures" after appropriations. This increase was due to the increase in Capital Outlay for the STA 319 Grant Project.

There was a negative variance for revenue when compared to the final budget of \$113,922, which resulted from assessment collections being less than budgeted.

There was a positive variance with final budget for total expenditures of \$291,430. This resulted from total expenditures being less than anticipated, particularly in General Government.

None of the variations with the final budget are expected to have a significant effect on future services or liquidity.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt - At the end of the fiscal year, the District's total long-term debt outstanding in the governmental fund is \$521,700 a decrease of \$32,735. This debt is for the 10-year capital loan, compensated absences and the capital lease obligations for the Boom Mower and Hydrema Dump Truck. The current portion of long-term debt is \$116,442. The only long-term debt in the business type activities is \$19,539 for compensated absences.

Capital Assets - The District's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to \$4,657,368. This investment in capital assets includes land, buildings, infrastructure, vehicles, equipment, water and wastewater system improvements.

**SPRING LAKE IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2015**

DEBT ADMINISTRATION AND CAPITAL ASSETS, CONTINUED

Capital Assets
(net of depreciation)
As of September 30,

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 924,116	\$ 890,875	\$ 23,814	\$ 7,014	\$ 947,930	\$ 897,889
Construction in Progress	899,537	-	4,800	-	904,337	-
Buildings	216,294	237,262	158,069	163,125	374,363	400,387
Infrastructure	1,158,582	1,209,665	-	-	1,158,582	1,209,665
Water system	-	-	659,022	725,044	659,022	725,044
Wastewater system	-	-	6,075	-	6,075	-
Equipment	391,610	265,889	215,449	169,997	607,059	435,886
Total	<u>\$3,590,139</u>	<u>\$2,603,691</u>	<u>\$1,067,229</u>	<u>\$1,065,180</u>	<u>\$4,657,368</u>	<u>\$3,668,871</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered in preparing the District's budget for the 2015-2016 fiscal year:

The Board of Supervisors of the Spring Lake Improvement District adopted an operating budget in the amount of \$299.78 per assessment unit, which is \$7.92 more than the 2014-2015 rates.

The District secured a matching grant from FDEP that will impact future capital projects. The District received a legislative appropriation that will cover the District's 40% match costs.

Personnel costs generally comprise the largest portion of any governmental budget. The District created a job function analysis and evaluated the amount of time spent in the performance of those functions. Personnel costs were allocated across the funds according to the results of this analysis.

It was determined that various operating costs should be shared amongst the general, water, lot mowing, and parks departments. Costs were evaluated and the cost ratio was set at 30% drainage, 30% water, 20% lot mowing, 10% parks, and 10% wastewater.

**SPRING LAKE IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2015**

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, CONTINUED

Assessments for Lot Mowing are now being collected on the non ad-valorem portion of the County tax bill alongside the drainage assessments. Having the assessments on the tax rolls improves collectability.

The District will continue to enlist the aid of FRWA (Florida Rural Water Association) to evaluate the water rate structure and if necessary the rate structure will be adjusted accordingly.

Pump Station - The District was successful in receiving a Legislative Appropriation in the amount of \$500,000 to rehabilitate the 40 year old pump station. The District Engineer has prepared a scope of work and the project should be completed by no later than early 2017.

State Revolving Funds - The District has secured two loans; one for the Storm Water Treatment Area Project, and one for a new Waste Water Treatment Plant. Terms of both loans are for 30 years, with no interest. These funds will be used to offset costs to complete the projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Spring Lake Improvement District, 115 Spring Lake Blvd., Sebring, Florida, 33876. All financial information is also available on the District's website www.springlakefl.com .

BASIC FINANCIAL STATEMENTS

SPRING LAKE IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 519,489	\$ 1,098,760	\$ 1,618,249
Restricted cash	-	53,267	53,267
Accounts receivable, net	-	69,577	69,577
Due from other governments	752,439	-	752,439
Internal balances	(152,400)	152,400	-
Other receivables	5,939	-	5,939
Capital assets:			
Nondepreciable	1,823,653	28,614	1,852,267
Depreciable, net	<u>1,766,486</u>	<u>1,038,615</u>	<u>2,805,101</u>
TOTAL ASSETS	4,715,606	2,441,233	7,156,839
LIABILITIES			
Accounts payable	11,917	3,743	15,660
Line of credit	500,000	-	500,000
Customer deposits	-	53,267	53,267
Non-current liabilities:			
Due within one year	116,442	-	116,442
Due in more than one year	<u>405,258</u>	<u>19,539</u>	<u>424,797</u>
TOTAL LIABILITIES	1,033,617	76,549	1,110,166
NET POSITION			
Net investment in capital assets	2,591,553	1,067,229	3,658,782
Unrestricted	<u>1,090,436</u>	<u>1,297,455</u>	<u>2,387,891</u>
TOTAL NET POSITION	<u>\$ 3,681,989</u>	<u>\$ 2,364,684</u>	<u>\$ 6,046,673</u>

The accompanying notes are an integral part of this statement.

SPRING LAKE IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
Year ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENT ACTIVITIES				
General government	\$ 187,588	\$ 380,820	\$ -	\$ -
Physical environment	630,992	463,291	-	899,538
Transportation	92,741	96,858	-	-
Parks and recreation	139,721	143,654	-	-
Interest on long-term debt	23,721	-	-	-
Total Governmental Activities	1,074,763	1,084,623	-	899,538
BUSINESS-TYPE ACTIVITIES				
Water utility	543,342	571,087	-	-
Lot mowing	183,838	203,942	-	-
Wastewater	120,679	92,286	-	-
Total Business-type Activities	847,859	867,315	-	-
TOTAL PRIMARY GOVERNMENT	\$ 1,922,622	\$ 1,951,938	\$ -	\$ 899,538

General revenues
Investment earnings
Transfer in (out)
Total General Revenues

CHANGE IN NET POSITION

NET POSITION
OCTOBER 1, 2014

NET POSITION
SEPTEMBER 30, 2015

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
\$ 193,232	\$ -	\$ 193,232
731,837	-	731,837
4,117	-	4,117
3,933	-	3,933
<u>(23,721)</u>	<u>-</u>	<u>(23,721)</u>
909,398	-	909,398
-	27,745	27,745
-	20,104	20,104
<u>-</u>	<u>(28,393)</u>	<u>(28,393)</u>
<u>-</u>	<u>19,456</u>	<u>19,456</u>
909,398	19,456	928,854
1,602	3,559	5,161
<u>6,190</u>	<u>(6,190)</u>	<u>-</u>
<u>7,792</u>	<u>(2,631)</u>	<u>5,161</u>
917,190	16,825	934,015
<u>2,764,799</u>	<u>2,347,859</u>	<u>5,112,658</u>
<u>\$ 3,681,989</u>	<u>\$ 2,364,684</u>	<u>\$ 6,046,673</u>

The accompanying notes are an integral part of this statement.

**SPRING LAKE IMPROVEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2015**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 519,489
Interest receivable	5,939
Due from other governments	<u>752,439</u>
TOTAL ASSETS	<u>\$ 1,277,867</u>
 LIABILITIES	
Accounts payable	\$ 11,917
Line of credit	500,000
Due (to) from other funds	<u>152,400</u>
TOTAL LIABILITIES	<u>664,317</u>
 DEFERRED INFLOW OF RESOURCES	 752,439
 FUND DEFICIT	
Unassigned	<u>(138,889)</u>
TOTAL FUND DEFICIT	<u>(138,889)</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND DEFICIT	 <u>\$ 1,277,867</u>

The accompanying notes are an integral part of this statement.

**SPRING LAKE IMPROVEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUND TO THE STATEMENT OF NET POSITION
September 30, 2015**

	<u>Amount</u>
Total governmental fund deficit	\$ (138,889)
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>	
Capital assets not being depreciated	1,823,653
Capital assets being depreciated, net	1,766,486
<p>Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term are reported in the government-wide financial statements.</p>	
Due within one year	(116,442)
Due in more than one year	(405,258)
<p>Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds</p>	
	<u>752,439</u>
Total net position of governmental activities	<u>\$ 3,681,989</u>

The accompanying notes are an integral part of this statement.

**SPRING LAKE IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - GOVERNMENTAL FUND
Year ended September 30, 2015**

	<u>General Fund</u>
REVENUES	
Special assessments	\$ 988,878
Intergovernmental	147,099
Charges for services	95,745
Investment earnings	<u>1,602</u>
TOTAL REVENUES	1,233,324
EXPENDITURES	
General government	187,588
Physical environment:	
Drainage	448,209
Mosquito control	19,570
Transportation:	
Street lighting	92,741
Parks and recreation	118,753
Debt service:	
Principal	137,360
Interest	23,721
Other	
Capital outlay	<u>1,166,270</u>
TOTAL EXPENDITURES	2,194,212
Excess (Deficiency) of Revenues Over (Under) Expenditures	(960,888)
OTHER FINANCING SOURCES (USES)	
Debt proceeds	100,266
Transfers in (out)	<u>6,190</u>
TOTAL OTHER FINANCING SOURCES (USES)	106,456
NET CHANGE IN FUND BALANCE (DEFICIT)	(854,432)
Fund balance - October 1, 2014	<u>715,543</u>
Fund deficit - September 30, 2015	<u>\$ (138,889)</u>

The accompanying notes are an integral part of this statement.

**SPRING LAKE IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) OF
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
September 30, 2015**

	<u>Amount</u>
Net change in fund balance (deficit) - total governmental funds	\$ (854,432)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. These amounts are:	
Capital outlay	1,166,270
Depreciation expense	(179,822)
Some expense reported in the Statement of Activities do not required the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. This activity consists of:	
Change in compensated absences	(4,359)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and has no effect on the Statement of Activities.	
Debt repayments	137,360
Revenue recognized in the Statement of Activities, but not recognized as revenue in the governmental funds:	
Proceeds from capital lease	(100,266)
Some revenues reported in the statement of activities will not be collected for several month after the fiscal year end and, therefore, are not reported as revenue in the general fund	
	<u>752,439</u>
Change in net position of governmental activities	<u>\$ 917,190</u>

The accompanying notes are an integral part of this statement.

SPRING LAKE IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2015

	Enterprise Funds			Total
	Water	Lot Mowing	Wastewater	
ASSETS				
Cash and cash equivalents	\$ 964,124	\$ 112,378	\$ 22,258	\$ 1,098,760
Restricted cash	53,267	-	-	53,267
Accounts receivable, net	69,577	-	-	69,577
Internal balances	227,400	-	-	227,400
Capital assets, net	<u>912,038</u>	<u>128,421</u>	<u>26,770</u>	<u>1,067,229</u>
TOTAL ASSETS	2,226,406	240,799	49,028	2,516,233
LIABILITIES				
Accounts payable	780	542	2,421	3,743
Customer deposits	53,267	-	-	53,267
Internal balances	-	-	75,000	75,000
Compensated absences	<u>13,540</u>	<u>5,999</u>	<u>-</u>	<u>19,539</u>
TOTAL LIABILITIES	67,587	6,541	77,421	151,549
NET POSITION				
Net investment in capital assets	912,038	128,421	26,770	1,067,229
Unrestricted	<u>1,246,781</u>	<u>105,837</u>	<u>(55,163)</u>	<u>1,297,455</u>
TOTAL NET POSITION	\$ 2,158,819	\$ 234,258	\$ (28,393)	\$ 2,364,684

The accompanying notes are an integral part of this statement.

SPRING LAKE IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION (DEFICIT) - PROPRIETARY FUNDS
Year ended September 30, 2015

	Enterprise Funds			Total
	Water	Lot Mowing	Wastewater	
OPERATING REVENUES				
Charges for services	\$ 571,087	\$ 203,942	\$ 92,286	\$ 867,315
OPERATING EXPENSES				
Employee compensation and benefits	270,437	117,866	-	388,303
Contract services	8,361	5,211	63,587	77,159
Other operating expenses	73,031	30,519	24,774	128,324
Repairs and maintenance	40,586	8,958	30,463	80,007
Office expense	31,150	7,256	347	38,753
Depreciation	119,777	14,028	1,508	135,313
TOTAL OPERATING EXPENSES	<u>543,342</u>	<u>183,838</u>	<u>120,679</u>	<u>847,859</u>
OPERATING INCOME	27,745	20,104	(28,393)	19,456
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	3,217	342	-	3,559
Transfer in (out)	(6,190)	-	-	(6,190)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,973)</u>	<u>342</u>	<u>-</u>	<u>(2,631)</u>
CHANGE IN NET POSITION	24,772	20,446	(28,393)	16,825
Net position - October 1, 2014	<u>2,134,047</u>	<u>213,812</u>	<u>-</u>	<u>2,347,859</u>
Net position (deficit) - September 30, 2015	<u>\$ 2,158,819</u>	<u>\$ 234,258</u>	<u>\$ (28,393)</u>	<u>\$ 2,364,684</u>

The accompanying notes are an integral part of this statement.

SPRING LAKE IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year ended September 30, 2015

	Enterprise Funds			Total
	Water	Lot Mowing	Wastewater	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 545,851	\$ 203,942	\$ 92,286	\$ 842,079
Cash paid to suppliers	(161,473)	(57,164)	(116,750)	(335,387)
Cash paid to employees	(267,531)	(116,585)	-	(384,116)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	116,847	30,193	(24,464)	122,576
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Payments to General Fund	(6,190)	-	-	(6,190)
Interfund transfers	(75,000)	-	75,000	-
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(81,190)	-	75,000	(6,190)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(38,895)	(70,188)	(28,278)	(137,361)
Advances to the General Fund	(152,400)	-	-	(152,400)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(191,295)	(70,188)	(28,278)	(289,761)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	3,217	342	-	3,559
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	3,217	342	-	3,559
CHANGE IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents - beginning of year	1,169,812	152,031	-	1,321,843
Cash and cash equivalents - end of year	\$ 1,017,391	\$ 112,378	\$ 22,258	\$ 1,152,027
Cash and cash equivalents, classified as:				
Current assets	964,124	112,378	22,258	1,098,760
Restricted assets	53,267	-	-	53,267
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,017,391	\$ 112,378	\$ 22,258	\$ 1,152,027

The accompanying notes are an integral part of this statement.

SPRING LAKE IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS, CONTINUED
Year ended September 30, 2015

RECONCILIATION OF CHANGE IN NET POSITION
TO NET CASH PROVIDED BY (USED IN)
OPERATING ACTIVITIES

	Enterprise Funds			Total
	Water	Lot Mowing	Wastewater	
Operating income	\$ 27,745	\$ 20,104	\$ (28,393)	\$ 19,456
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	119,777	14,028	1,508	135,313
(Increase) decrease in assets:				
Accounts receivable	(25,604)	-	-	(25,604)
Increase (decrease) in liabilities:				
Accounts payable	(8,345)	(5,221)	2,421	(11,145)
Customer deposits	368	-	-	368
Compensated absences	<u>2,906</u>	<u>1,282</u>	<u>-</u>	<u>4,188</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 116,847</u>	<u>\$ 30,193</u>	<u>\$ (24,464)</u>	<u>\$ 122,576</u>

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The District was formed in accordance with Chapter 298 of the Florida Statutes and by special act of the Florida Legislature, being chapter 71-669, Laws of Florida 1971 (collectively referred to as the "Act"). The District is empowered, among other powers it may have, to provide a system of drainage and flood control, and, in order to provide the necessary funds therefore, to issue bonds to be secured by the levy of a tax on all lands in the District in proportion to the amount of benefits assessed to each tract of land.

The District was formed in 1971 and is administered by a five-member Board of Supervisors. The District is defined as an independent special district under the Uniform Special District Accountability Act of 1989, otherwise known as Chapter 189 of the Florida Statutes. Chapter 189 mandates certain requirements for the formation, dissolution, and reporting of special districts.

In evaluating the District as a reporting entity, there were no component units identified for which the District is considered financially accountable.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, continued

Government-wide Financial Statements, continued

The statement of net position presents the financial condition of the governmental and business type activities of the District at year end. The statement of activities demonstrates the degree to which direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers, including special assessments, who purchase, use, or directly benefit from goods, services or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity.

Separate financial statements are provided for governmental funds and proprietary funds. These fund financial statements are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Fund Financial Statement Presentation

In the fund financial statements, financial transactions and accounts of the District are organized on the basis of funds each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements. The following is a brief description of the specific funds used by the District.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, continued

Major Governmental Fund

General Fund - This fund accounts for all financial resources except those required to be accounted for in another fund. Resources are generated primarily from local property assessments. Expenditures are incurred to provide drainage, street lighting, and recreational services.

Major Proprietary Funds

Water Fund - This fund accounts for the provision of water services to customers within the service area.

Lot Mowing Fund - This fund accounts for the mowing operations and maintenance of the property within the District.

Wastewater Fund - This fund accounts for the provision of wastewater services to customers within the service area.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities of the District are recorded in these financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Special assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenues are recognized when susceptible to accrual (i.e., when they are both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

The District considers revenues to be available if they are collected within 60 days after year-end. Special assessments and interest are susceptible to accrual. Intergovernmental revenues collected and held by other governments are also recognized as revenue. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time. Expenditures are recognized in the accounting period in which the fund liability is incurred except for un-matured interest on debt which is recognized when due.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. The Water Fund recognizes impact fees intended to recover the cost of the infrastructure as capital contributions. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board has provided otherwise in its commitment or assignment actions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the District considers cash and cash equivalents to be cash on hand, cash in banks, and short-term investments with maturities less than three months when acquired, including restricted assets.

Investments

In accordance with the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, continued

District reports investments at their fair value on the balance sheet with unrealized gains and losses credited to investment earnings. Amounts invested in the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") and short-term money market investments are reported as cash equivalents at amortized cost.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Maintenance Assessments

Maintenance assessments for the current fiscal year (beginning October 1, 2014) were assessed on September 12, 2014 based on the approved budget. The assessments are billed in the month of November 2014 by the Highlands County Tax Collector who remits collected taxes to the District monthly. Assessments are due November 1, 2014 and become delinquent April 1, 2015. Tax certificates are sold for delinquent assessments by June 1, 2015. Generally, the District collects substantially all of its current year assessments during the year in which they are due. The District deems any special assessments not collected by year end uncollectible, and provides an allowance for those amounts. No accrual for the assessments levy becoming due in November 2015 is included in the accompanying financial statements since such assessments are collected to finance expenditures of the next fiscal year.

Restricted Assets

Restricted assets in the proprietary funds consist of customer deposits. Customer deposits are used to ensure against nonpayment of billings and/or property damage. The deposits remain the property of the customers and therefore, are not available for current operations.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

infrastructure assets relate to all such assets belonging to the District, including business-type activities.

Capital assets purchased or acquired are carried at historical cost. When capital assets are contributed, they are recorded at fair market value as of the date received. The District defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. General infrastructure assets include canals, culverts, pumping stations, dikes, and water control structures. These assets were recorded in the financial statements in the year they were constructed at historical cost.

Interest is capitalized on Enterprise Fund assets during the period of construction. The amount of interest to be capitalized related to tax exempt borrowings is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

Depreciation is provided and is computed on the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	10 - 40 years
Plant and Improvements	5 - 40 years
Equipment	5 - 15 years
Infrastructure	20 - 40 years

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for services rendered. Short-term interfund loans are classified as "due to/from other funds" in the fund financial statements. All short-term interfund receivables and payables are planned to be eliminated shortly after year end. Long-term interfund loans are classified as "advances to/from other funds." Any short-term balances

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interfund Receivables and Payables, continued

outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Compensated Absences

Regular employees of the District are eligible for vacation leave each year. The vacation year begins on October 1, and ends on September 30. Vacation leave is earned and available on October 1, based on the length of service. Vacation leave may be accumulated up to a maximum of 30 days. A liability has been recorded at September 30, 2015, for unused vacation leave. All compensated absences have been reported as long-term liabilities. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave may be accumulated up to a maximum of 30 days. However, when an employee leaves or is terminated there is no payment for the unused sick leave benefit. Accordingly, no liability has been accrued for accumulated sick leave.

Long-Term Debt

Long-term debt and other obligations financed are reported as liabilities in the applicable governmental activities and business-type activities.

Use of Estimates

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

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three categories:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide and Proprietary Fund Net Position, continued

Restricted - consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions, by enabling legislation, or contributor restrictions.

Unrestricted - all other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that are not in spendable form (such as prepaid expenses or long term investments) or are required to be maintained intact.

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed - amounts constrained to specific purposes by the District itself, using its highest level of decision-making District (i.e., Board members) and its highest level action (i.e. Resolution). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board members.

Unassigned - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, which will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows of resources as of September 30, 2015.

Deferred inflows of resources represent an addition of net position that applies to a future period, which will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category on the fund financial statements, and it pertains to deferred state grant revenues.

NOTE B - CASH AND INVESTMENTS

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year-end the District's deposits were entirely covered by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

Cash and cash equivalents at September 30, 2015, consist of:

Description	Governmental Activities	Business-Type Activities
Cash on Hand	\$ -	\$ 100
Florida PRIME	5,430	23,904
Demand deposits	514,059	1,128,023
	<u>\$ 519,489</u>	<u>\$ 1,152,027</u>

Investments - The District has not adopted a formal investment policy, and utilizes the guidelines of Florida Statute section 218.415(17). Florida Statutes authorize the District to invest in direct obligations of the U.S. Treasury, the Local Government Surplus Funds Trust Fund (Florida PRIME), savings accounts or certificates of deposit in state-certified qualified public depositories, and SEC registered money market funds.

The District invests funds throughout the year with the Florida PRIME, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Investments with the SBA may be made or liquidated, subject to certain penalties, by wire on a same-day basis and

**SPRING LAKE IMPROVEMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2015**

NOTE B - CASH AND INVESTMENTS, CONTINUED

has been classified as cash and cash equivalents. The District's investment in the Florida PRIME (a 2a-7 like pool) is recorded at amortized cost. The Florida PRIME is rated by Standard and Poors with a rating at September 30, 2015 of AAAm.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District has no policy on interest rate risk. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2015 was 29 days.

Florida PRIME is not exposed to any foreign currency risk.

NOTE C - RECEIVABLES

Receivables at September 30, 2015 in the governmental activities are comprised of accounts receivable from customers of \$1,117 less an allowance for uncollectible accounts of \$1,117, and special assessments due from other governments of \$351,932, less an allowance of \$351,932. The business-type activities receivables is comprised of accounts receivable from customers of \$137,883, less an allowance for uncollectible accounts of \$68,306.

NOTE D - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2015, were as follows:

	Transfer Out	Transfer In
General fund	\$ -	\$ 6,190
Water fund	<u>6,190</u>	<u>-</u>
	<u>\$ 6,190</u>	<u>\$ 6,190</u>

The transfer from the Water Fund to the General Fund represents the amount budgeted for operations of general government activities.

SPRING LAKE IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE E - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015 is as follows:

<u>Government Activities</u>	<u>Balance 10/01/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 9/30/2015</u>
Capital assets, not being depreciated				
Land and land improvements	\$ 890,875	\$ 33,241	\$ -	\$ 924,116
Construction in progress	<u>-</u>	<u>899,537</u>	<u>-</u>	<u>899,537</u>
Total capital assets, not being depreciated	890,875	932,778	-	1,823,653
Capital assets, being depreciated:				
Buildings	356,768	-	-	356,768
Infrastructure	2,878,699	18,000	-	2,896,699
Equipment	<u>501,316</u>	<u>215,492</u>	<u>(5,757)</u>	<u>711,051</u>
Total capital assets, being depreciated	3,736,783	233,492	(5,757)	3,964,518
Less accumulated depreciation for:				
Buildings	(119,506)	(20,968)	-	(140,474)
Infrastructure	(1,669,034)	(69,083)	-	(1,738,117)
Equipment	<u>(235,427)</u>	<u>(89,771)</u>	<u>5,757</u>	<u>(319,441)</u>
Total accumulated depreciation	<u>(2,023,967)</u>	<u>(179,822)</u>	<u>5,757</u>	<u>(2,198,032)</u>
Total capital assets depreciated, net	<u>1,712,816</u>	<u>53,670</u>	<u>-</u>	<u>1,766,486</u>
Governmental activities capital assets, net	<u>\$ 2,603,691</u>	<u>\$ 986,448</u>	<u>\$ -</u>	<u>\$ 3,590,139</u>

Depreciation expense is charged to the following functions:

Physical environment	\$ 158,854
Parks and recreation	<u>20,968</u>
	<u>\$ 179,822</u>

SPRING LAKE IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE E - CAPITAL ASSETS, CONTINUED

Capital assets activity for the year ended September 30, 2015 for the Business-type activities is as follows:

<u>Business-type Activities</u>	<u>Balance</u> <u>10/01/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2015</u>
Capital assets, not being depreciated:				
Land and land improvements	\$ 7,014	\$ 16,800	\$ -	\$ 23,814
Construction in progress	<u>-</u>	<u>4,800</u>	<u>-</u>	<u>4,800</u>
Total capital assets, not being depreciated	7,014	21,600	-	28,614
Capital assets, being depreciated:				
Buildings	284,121	5,193	-	289,314
Water system	2,720,406	23,184	-	2,743,590
Wastewater system	-	6,285	-	6,285
Equipment	<u>475,966</u>	<u>81,101</u>	<u>(124,651)</u>	<u>432,416</u>
Total capital assets, being depreciated	3,480,493	115,763	(124,651)	3,471,605
Less accumulated depreciation for:				
Buildings	(120,996)	(10,249)	-	(131,245)
Water system	(1,995,362)	(89,206)	-	(2,084,568)
Wastewater system	-	(210)	-	(210)
Equipment	<u>(305,969)</u>	<u>(35,648)</u>	<u>124,651</u>	<u>(216,967)</u>
Total accumulated depreciation	<u>(2,422,326)</u>	<u>(135,313)</u>	<u>124,651</u>	<u>(2,432,990)</u>
Total capital assets depreciated, net	<u>1,058,167</u>	<u>(19,551)</u>	<u>-</u>	<u>1,038,615</u>
Business-type activities capital assets, net	<u>\$ 1,065,181</u>	<u>\$ 2,049</u>	<u>\$ -</u>	<u>\$ 1,067,229</u>

Depreciation expense is charged to the following functions:

Water	\$ 119,777
Lot mowing	14,028
Wastewater	<u>1,508</u>
	<u>\$ 135,313</u>

NOTE F - RESTRICTED ASSETS

The balance of the restricted asset account for business-type activities consists of customer deposits of \$53,267.

NOTE G - LONG-TERM DEBT

The following is a summary of the long-term debt obligations of the Governmental Activities for the year ended September 30, 2015.

- A loan payable in the amount of \$702,459 with an interest rate of 6.25% is dated August 27, 2008, due in 10 annual installments of \$97,071, including interest, with the final payment due September 27, 2018, and secured by a pledge of the Assessment for the Maintenance Tax Levy. The loan was refinanced in March 2015. Under the refinanced terms, payments are due in 239 monthly installments of \$2,126, including interest of 4.500%, with the final payment due in March 2035. Starting in March 2020, the interest rate converts to a variable rate based on the Treasury Constant Maturity 5 Year rate, plus 3.50%.
- A promissory note payable in the amount of \$370,000 with an interest rate of 7.0% is dated March 11, 2010, due in 5 annual installments of \$90,794, including interest, with the final payment due March 11, 2015, and secured by a pledge of the District's Operational and Maintenance Assessment designated as "Conceptual Permit Compliance" levied on District lands.
- The District entered into a lease-purchase agreement with Caterpillar in the amount of \$149,902 as lessee for financing the acquisition of a boom mower. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease, dated September 13, 2013, has an interest rate of 3.02% and is due in 35 monthly installments of \$2,991, including interest, with a final balloon payment of \$55,491 due September 13, 2016.
- The District entered into a lease-purchase agreement with Caterpillar in the amount of \$100,266 as lessee for financing the acquisition of a dump truck. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease, dated January 28, 2015, has an interest rate of 4.07% and is due in 36 monthly installments of \$2,194, including interest, with a final balloon payment of \$31,185 due February 2018.

SPRING LAKE IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT, CONTINUED

Governmental Activities	Balance 10/01/2014	Additions	Reductions	Balance 9/30/2015	Due in One Year
Loan payable	\$ 334,197	\$ -	\$ (6,174)	\$ 328,023	\$ 11,083
Note payable	82,914	-	(82,914)	-	-
Capital lease (mower)	118,569	-	(35,896)	82,673	82,673
Capital lease (truck)	-	100,266	(12,376)	87,890	22,686
Compensated absences	18,755	17,650	(13,291)	23,114	-
Total	<u>\$ 554,435</u>	<u>\$ 117,916</u>	<u>\$ (150,651)</u>	<u>\$ 521,700</u>	<u>\$ 116,442</u>
Business-Type Activities					
Compensated absences	\$ 15,351	\$ 16,958	\$ (12,770)	\$ 19,539	\$ -
Total	<u>\$ 15,351</u>	<u>\$ 16,958</u>	<u>\$ (12,770)</u>	<u>\$ 19,539</u>	<u>\$ -</u>

The annual requirements to amortize the principal and interest on the outstanding balance of the government activity long-term debt is as follows:

September 30,	Principal	Interest	Total
2016	\$ 11,083	\$ 14,434	\$ 25,517
2017	11,490	14,027	25,517
2018	12,018	13,499	25,517
2019	12,570	12,947	25,517
2020	13,147	12,370	25,517
2021 - 2025	75,375	52,214	127,589
2026 - 2030	94,354	33,235	127,589
2031 - 2035	97,986	9,785	107,771
Totals	<u>\$ 328,023</u>	<u>\$ 162,511</u>	<u>\$ 490,534</u>

NOTE G - LONG-TERM DEBT, CONTINUED

The future minimum lease obligation and net present value of the minimum capital lease payments as of September 30, 2015 is as follows:

<u>September 30,</u>	<u>Total</u>
2016	\$ 111,124
2017	26,334
2018	<u>42,157</u>
Minimum payments	179,615
Less: amount representing interest	<u>(9,052)</u>
Present value of minimum lease payments	170,563
Less: current portion representing principal	<u>(105,359)</u>
Total capital lease obligations - long term	<u>\$ 65,204</u>

For the fiscal year ending September 30, 2015, total interest expense in the governmental activities was \$23,721, and was incurred for the capital loan and property acquisition note.

NOTE H - LINE OF CREDIT

The District maintains a \$750,000 renewable unsecured line of credit agreement with Highlands Independent Bank. The variable rate line of credit has a five year term, with the current renewal terminating on July 2, 2020. The variable interest rate is based on the Wall Street Journal US Prime Rate plus 1%. As of September 30, 2015, the outstanding balance on the line of credit was \$500,000, and \$250,000 is available to borrow.

NOTE I - PLEDGED REVENUES

The District has pledged future revenues derived from the assessment of the "maintenance tax levy" (designated as 20 year capital loan) to repay a loan in the amount of \$334,197. Proceeds from the loan provided financing for capital acquisitions. The loan is payable solely from the assessment and is payable through 2035. The total principal and interest remaining to be paid is \$490,534 with annual payments expected to require 99% of the pledged revenues. Principal and interest payments for the current year were \$23,104, and the current year assessment designated as 20 year capital loan was \$24,000.

**SPRING LAKE IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2015**

NOTE J - COMMITMENTS

The District was obligated under a certain lease for an excavator, accounted for as an operating lease. The lease is reported in the governmental activities. Total payments under this lease for the year ended September 30, 2015 was \$16,339. The lease expired and was not renewed.

Additionally, the District has been working with the South Florida Water Management District (SFWMD) since November 2005 to update its storm water management system to comply with current SFWMD water quality requirements. To meet these requirements, the District has acquired 82 acres of unimproved lands for storm water purposes, and will construct a lake-wetland marsh system, including an on-site storm water treatment facility (SLID STA) to provide an increase in retention and detention of storm water.

NOTE K - RETIREMENT PLAN

For those employees who are 21 years old and have two years of service, the District contributes 6% of the employees' gross wages to an IRA/SEP plan. The District contributed \$28,277, \$26,212 and \$24,114 for the years ended September 30, 2015, 2014 and 2013, respectively.

NOTE L - SUBSEQUENT EVENTS

Management has adopted the provisions set forth in GASB Statement No. 56, "Subsequent Events", and considered subsequent events through May 6, 2016, which is the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SPRING LAKE IMPROVEMENT DISTRICT
BUDGET TO ACTUAL COMPARISON SCHEDULE - GENERAL FUND
Year ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES				
Special assessments	\$ 1,106,028	\$ 1,106,028	\$ 988,878	\$ (117,150)
Charges for services	92,119	92,119	95,745	3,626
Intergovernmental	-	147,099	147,099	-
Investment earnings	2,000	2,000	1,602	(398)
Total revenues	1,200,147	1,347,246	1,233,324	(113,922)
EXPENDITURES				
General government	333,033	247,908	187,588	60,320
Physical environment:				
Drainage	480,351	499,072	448,209	50,863
Mosquito control	34,354	34,364	19,570	14,794
Transportation:				
Street lighting	97,500	97,500	92,741	4,759
Parks and recreation	163,099	154,166	118,753	35,413
Debt service:				
Principal	160,000	208,273	137,360	70,913
Interest	30,000	32,985	23,721	9,264
Capital outlay	98,500	1,211,374	1,166,270	45,104
Total expenditures	1,396,837	2,485,642	2,194,212	291,430
Excess (Deficiency) of Revenues Over Expenditures	(196,690)	(1,138,396)	(960,888)	177,508
Other Financing Sources				
Debt proceeds	-	100,266	100,266	-
Operating transfers in (out)	196,690	196,690	6,190	190,500
Total other financing sources	196,690	296,956	106,456	190,500
Change in Fund Balance	-	(841,440)	(854,432)	(12,992)
Fund Balance - beginning of year	715,543	715,543	715,543	-
Fund Deficit - end of year	\$ 715,543	\$ (125,897)	\$ (138,889)	\$ (12,992)

SPRING LAKE IMPROVEMENT DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULE
September 30, 2015

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

The District adopts an operating budget for the General Fund on a modified accrual basis, which is consistent with its accounting basis.

The level of budgetary control is at the object level (expense categories such as salaries, supplies, etc.) due to District Board of Supervisor's required approval of budget transfers among expense categories.

Unexpended budget appropriations lapse at year end. The District does not use formal encumbrance accounting.

For the year ended September 30, 2015, the District reported a negative variance with final budget for the General Fund of \$12,992. The negative variance was primarily due to revenues being less than anticipated.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR
AND
MANAGEMENT LETTER**



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

Board of Supervisors
Spring Lake 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 (modify as needed) of Spring Lake Improvement District, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Spring Lake Improvement District's basic financial statements, and have issued our report thereon dated May 6, 2016.

Internal Control Over Financial Reporting

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

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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 the 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 over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Spring Lake Improvement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and written in a cursive-like font.

STROEMER & COMPANY, LLC
Fort Myers, Florida
May 6, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA
STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

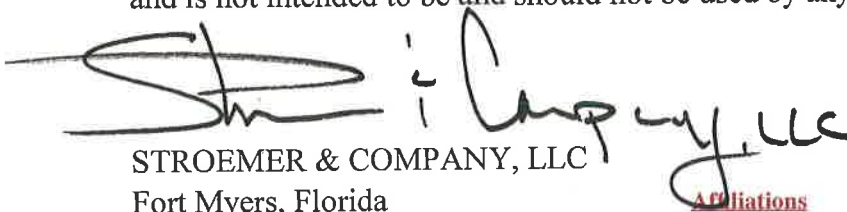
Board of Supervisors
Spring Lake Improvement District
Sebring, Florida

We have examined Spring Lake Improvement District's (the "District"), compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. 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 fiscal year ended September 30, 2015.

This report 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, management, and the Board of Supervisors of Spring Lake Improvement District and is not intended to be and should not be used by anyone other than these specified parties.


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**MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Supervisors
Spring Lake Improvement District
Sebring, Florida

Report on the Financial Statements

We have audited the financial statements of Spring Lake Improvement District (the "District"), Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 6, 2016.

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 Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 6, 2016, should be considered in conjunction with this management letter.

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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 recommendations made in the preceding audit report.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not Spring Lake Improvement District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Spring Lake Improvement 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. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for Spring Lake Improvement District for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

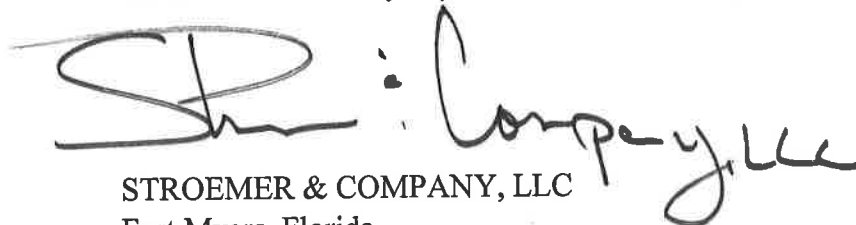
Other Matters

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

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

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, as applicable, the Board of Commissioners of Spring Lake Improvement District and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Stroemer & Company, LLC". The signature is written in a cursive, flowing style. The word "Stroemer" is written in a large, bold script, followed by "& Company, LLC" in a smaller, more fluid script.

STROEMER & COMPANY, LLC

Fort Myers, Florida

May 6, 2016