



South Indian River
*Water Control District*TM

FINANCIAL STATEMENTS
September 30, 2017

South Indian River Water Control District

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South Indian River Water Control District

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INTRODUCTORY SECTION

South Indian River Water Control District

Board of Supervisors

September 30, 2017

Stephen Hinkle	President
Thomas H. Powell	Vice President
John Meyer	Member
Michael Howard	Member
John Jones	Member

Manager of Operations

Michael Dillon
Jupiter, Florida

Counsel to the District

Terry E. Lewis
William G. Capko
Lewis, Longman & Walker, P.A.
West Palm Beach, Florida

Treasurer

Charles F. Haas
Certified Public Accountant
Palm Beach Gardens, Florida

District Engineer

Amy E. Eason, PE
AECOM, Inc.
Palm City, Florida

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
South Indian River Water Control District
Jupiter, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Indian River Water Control District, Jupiter, Florida ("District") as of and for the fiscal 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. The prior year partial comparative information has been derived from the District's 2016 financial statements and, in our report dated June 27, 2017, we expressed unmodified opinions on the respective financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated April 23, 2018, 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.

April 23, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of South Indian River Water Control District (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of South Indian River Water Control District for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's basic financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

Government-Wide

- At September 30, 2017 the assets of the District exceeded its liabilities by \$19,670,505. Of this amount, \$1,890,584 may be used to meet the District's ongoing operations.
- The District's net position decreased by \$579,260 primarily from reduction in debt service funds due to the payoff of certain debt issues.
- The District's total revenues (on an accrual basis) were \$3,404,910 for the year ended September 30, 2017, a decrease of \$2,175,994. The decrease is primarily due to the recognizing of assessment revenue for new infrastructure improvement projects in the prior the year as well as the reduction in debt assessments due to the retirement of some debt issues.
- The total cost of all of the District's programs was \$3,984,170 a decrease of \$38,131. The decrease was largely due to decrease in road maintenance and infrastructure financing costs.

Governmental Funds

- At September 30, 2017, the District's governmental funds reported combined ending fund balances of \$3,285,417 an decrease of \$1,546,738 from the prior year, primarily from the expenditure of funds on the 18th Plan of Improvements
- At the end of the current fiscal year, the District's fund balances assigned for subsequent year operations totaled \$1,224,908 or 37% of total fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to South Indian River Water Control District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. All information is presented utilizing the economic resources measurement focus and the accrual basis of accounting.

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, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors should be considered, however, such as the condition of the District's capital assets (canals, culverts, buildings, etc.) to assess the overall health of the District.

The statement of activities presents information showing how the government'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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 9 – 11 of this report.

Under Governmental Accounting Standards Board (GASB) Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the District is required to report the cost of benefits to retired employees during the time of their employment and how those benefits will be funded. The State of Florida requires local governments to provide health care insurance to all retirees either funded by the government or by the retiree at the rate that all remaining employees are charged. The rate charged by insurance companies is blended rather than tiered by age. Thus, a retired employee is charged the same rate as a younger employee creating an implicit benefit. This benefit should be expensed, if material, and disclosed in the financial statement. At September 30, 2017, the actuarial accrued liability was zero.

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.

The District's funds can be divided into two categories: governmental funds and proprietary funds. The two kinds of funds use different accounting approaches. 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We reconcile the differences between government-wide activities (reported in the statement of net position and the statement of activities) and governmental funds on separate schedules following the respective governmental funds.

At September 30, 2017, the District maintained 19 individual governmental funds: 7 special revenue funds, 10 debt service funds, and 2 capital project funds. Some funds are required by state law. However, the District establishes other funds to help it control and manage money for particular purposes or to show that it is meeting its legal and fiduciary responsibilities. The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Accordingly, 8 major funds are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are reported in these statements as a combined total.

The District uses an internal service fund, (a proprietary fund), to account for services provided to the other funds. Proprietary fund activities are reported in the same accounting basis and measurement focus as the statement of net position and the statement of activities.

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 beginning on page 21 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, specifically, budgetary comparisons for the District's three major special revenue funds for which budgets are adopted.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining fund statements for nonmajor funds can be found on pages 43 – 54 of this report.

The District as a Whole (Government-Wide)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of South Indian River Water Control District, assets exceeded liabilities by \$19,670,505 at the close of the most recent year. The largest portion of the District's net position (51%) reflects its investments in capital assets (land, canals, levees, buildings, machinery and equipment). The District uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. An additional portion of the District's net position (39%) represents resources that are subject to restrictions on how they may be used. These resources can be used only for debt service or future construction activities. The remaining unrestricted net position, \$1,890,585, may be used to meet ongoing operations.

The following analysis highlights the net position as of September 30, 2017 and 2016:

	2017	2016	Increase (Decrease)	% Change
Current and other assets	\$ 5,150,691	\$ 7,582,424	\$ (2,431,733)	-32%
Long-term receivables	17,430,391	18,826,291	(1,395,900)	-7%
Capital assets	16,264,119	15,103,527	1,160,592	8%
Total assets	38,845,201	41,512,242	(2,667,041)	-6%
Deferred outflows of resources				
Unamortized bond refunding charges	-	79,449	(79,449)	-100%
Current liabilities	1,710,228	2,478,680	(768,452)	-31%
Non-current debt	17,464,468	18,863,245	(1,398,777)	-7%
Total liabilities	19,174,696	21,341,925	(2,167,229)	-10%
Net position:				
Net Investment in capital assets	9,964,039	9,290,553	673,486	7%
Restricted for:				
Capital projects	277,420	1,750,340	(1,472,920)	-84%
Debt service	7,538,461	8,670,378	(1,131,917)	-13%
Unrestricted	1,890,585	538,494	1,352,091	251%
Total net position	\$ 19,670,505	\$ 20,249,765	\$ (579,260)	-3%

The following analysis highlights the changes in net position for the years ended September 30, 2017 and 2016:

	2017	2016	Increase (Decrease)	% Change
Revenues:				
Program revenues:				
Assessments	\$ 3,168,192	\$ 5,365,256	\$ (2,197,064)	-41%
Charges for services	36,170	4,250	31,920	751%
Connection fees	80,002	88,891	(8,889)	-10%
Restricted investment income	13,061	9,320	3,741	40%
General revenues:				
Other income	107,485	113,187	(5,702)	-5%
Total revenues	3,404,910	5,580,904	(2,175,994)	-39%
Program expenses including direct expenses:				
Water control	1,258,801	894,884	363,917	41%
Road maintenance	1,794,476	1,988,394	(193,918)	-10%
Recreation	42,074	32,676	9,398	29%
Infrastructure financing	888,819	1,106,347	(217,528)	-20%
Total program expenses	3,984,170	4,022,301	(38,131)	-1%
Increase (decrease) in net position	(579,260)	1,558,603	(2,137,863)	100%
Net position, beginning of year	20,249,765	18,691,162	1,558,603	8%
Net position, end of year	\$ 19,670,505	\$ 20,249,765	\$ (579,260)	-3%

Significant Activities

The District retired its 2004 Series A and B Road Improvement Notes and its 2011 Egret Landing Refunding Note

During the year the District continued its program of upgrading its equipment by acquiring a new boom mower, 2 trucks and 2 excavators. With these purchase improved operations are being realized.

The District continued its Driveway Improvement Program that together with landowner participation replaces damaged or crushed driveway culverts which impede storm water flow. Additionally, the access to twelve drainage outfalls were cleared of trees and vegetation.

The District completed construction of the 18th Plan of Improvement.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Treasurer: Charles F. Haas, CPA, South Indian River Water Control District, 15600 Jupiter Farms Road, Jupiter Florida, 33478.

GOVERNMENT-WIDE

FINANCIAL STATEMENTS

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Net Position

September 30, 2017 and 2016

	2017	2016
Assets:		
Current assets		
Cash and short-term investments - unrestricted	\$ 1,545,325	\$ 2,240,766
Cash and short-term investments - restricted	2,124,197	3,011,335
Receivables:		
Special assessments receivable - current portion - restricted	1,395,900	2,175,317
Accounts receivable	60,758	66,713
Prepaid expenses	24,511	88,293
Total current assets	5,150,691	7,582,424
Noncurrent assets		
Long term receivable - special assessments - restricted	17,430,391	18,826,291
Capital assets not being depreciated:		
Land, canals, easements, and construction in progress	7,223,582	7,254,068
Capital assets being depreciated:		
Accumulated depreciation on depreciable capital assets	(4,276,239)	(3,828,949)
Total noncurrent assets	33,694,510	33,929,818
Total assets	\$ 38,845,201	\$ 41,512,242
Deferred Outflows of Resources		
Unamortized bond refunding charges	-	79,448
Total deferred outflow of resources	\$ -	\$ 79,448
Liabilities:		
Current liabilities:		
Accounts and contracts payable	\$ 204,063	\$ 192,083
Accrued interest payable	110,265	111,280
Current portion of long-term debt	1,395,900	2,175,317
Total current liabilities	1,710,228	2,478,680
Noncurrent liabilities:		
Bonds payable	11,690,000	12,430,000
Notes payable	5,740,391	6,396,291
Accrued compensated absences	34,077	36,954
Total noncurrent liabilities	17,464,468	18,863,245
Total liabilities	\$ 19,174,696	\$ 21,341,925
Net Position:		
Net investment in capital assets	9,964,039	9,290,553
Restricted for:		
Capital projects	277,420	1,750,340
Debt service	7,538,461	8,670,378
Unrestricted	1,890,585	538,494
Total net position	\$ 19,670,505	\$ 20,249,765

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Activities

Years Ended September 30, 2017 and 2016

	2017				
	Total	Water Control	Road Maintenance	Park Maintenance	Infrastructure Financing
Expenses:					
Direct expense:					
Physical environment	\$ 1,200,892	\$ 1,200,892	\$ -	\$ -	\$ -
Transportation	1,311,361	-	1,311,361	-	-
Recreation	21,387	-	-	21,387	-
Interest on debt	741,312	-	-	-	741,312
Indirect expenses:					
Depreciation	561,711	57,909	483,115	20,687	-
Other	147,507	-	-	-	147,507
Total expenses	3,984,170	1,258,801	1,794,476	42,074	888,819
Revenues:					
Program revenues:					
Assessments	3,168,192	1,312,674	1,048,397	89,095	718,026
Connection fees	80,002	-	-	-	80,002
Other income	36,170	-	36,170	-	-
Restricted investment earnings	13,061	5,269	2,568	136	5,088
Total program revenues	3,297,425	1,317,943	1,087,135	89,231	803,116
Net program income (expense)	\$ (686,745)	\$ 59,142	\$ (707,341)	\$ 47,157	\$ (85,703)
General revenues:					
Gain on sale of equipment	18,000				
Other income	89,485				
Total general revenues	107,485				
Change in net position	(579,260)				
Net position - beginning	20,249,765				
Net position - ending	\$ 19,670,505				

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Activities

Years Ended September 30, 2017 and 2016

	2016				
	Total	Water Control	Road Maintenance	Park Maintenance	Infrastructure Financing
Expenses:					
Direct expenses:					
Physical environment	\$ 844,347	\$ 844,347	\$ -	\$ -	\$ -
Transportation	1,517,885	-	1,517,885	-	-
Recreation	11,989	-	-	11,989	-
Interest on debt	971,572	-	-	-	971,572
Indirect expenses:					
Depreciation	541,733	50,537	470,509	20,687	-
Other	134,775	-	-	-	134,775
Total expenses	4,022,301	894,884	1,988,394	32,676	1,106,347
Revenues:					
Program revenues:					
Assessments	5,365,256	1,063,064	1,056,215	93,835	3,152,142
Connection fees	88,891	-	-	-	88,891
Other income	4,250	-	4,250	-	-
Restricted investment earnings	9,320	1,925	2,906	133	4,356
Total program revenues	5,467,717	1,064,989	1,063,371	93,968	3,245,389
Net program income (expense)	\$ 1,445,416	\$ 170,105	\$ (925,023)	\$ 61,292	\$ 2,139,042
General revenues:					
Gain on sale of equipment	43,631				
Other income	69,556				
Total general revenues	113,187				
Change in net position	1,558,603				
Net position - beginning	18,691,162				
Net position - ending	\$ 20,249,765				

See accompanying notes to financial statements.

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Fund Financial Statements

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Governmental Funds

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Balance Sheet
Governmental Funds
September 30, 2017*

	Special Revenue Funds			
	Water Control Eastside	Water Control Westside	Road Maintenance - PBCE	Road Maintenance - Jupiter Farms
Assets:				
Cash and short-term investments	\$ 48,523	\$ 72,248	\$ 429,829	\$ 586,718
Receivables:				
Special assessments	-	-	-	-
Accounts receivable	2,304	5,716	2,010	4,082
Prepaid items				
Total assets	\$ 50,827	\$ 77,964	\$ 431,839	\$ 590,800
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 23,023	\$ 41,112	\$ 10,204	\$ 29,781
Total liabilities	23,023	41,112	10,204	29,781
Deferred inflows of resources:				
Unavailable revenue-special assessments	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Future construction	-	-	-	-
Committed for:				
Renewal and replacement	-	-	-	-
Assigned for:				
Subsequent years operations	27,804	36,852	421,635	561,019
Total fund balances	27,804	36,852	421,635	561,019
Total liabilities, deferred inflows of resources, and fund balances	\$ 50,827	\$ 77,964	\$ 431,839	\$ 590,800

See accompanying notes to financial statements.

Debt Service Funds			Capital Projects			
Egret Landing Refunding Note	2015 Water Distribution System Bonds	2007 Series A OGEM Road Note	Road Improvement Funds	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 702,329	\$ 126,514	\$ 629,643	\$ 753,427	\$ 3,349,231	
-	12,430,000	1,921,744	-	4,474,547	18,826,291	
-	28,928	1,262	-	8,456	52,758	
-	10,037	-	-	-	10,037	
\$ -	\$ 13,171,294	\$ 2,049,520	\$ 629,643	\$ 5,236,430	\$ 22,238,317	
\$ -	\$ 756	\$ 28	\$ 2,778	\$ 18,927	\$ 126,609	
-	756	28	2,778	18,927	126,609	
-	12,430,000	1,921,744	-	4,474,547	18,826,291	
-	12,430,000	1,921,744	-	4,474,547	18,826,291	
-	740,538	127,748	-	384,149	1,252,435	
-	-	-	96,211	181,209	277,420	
-	-	-	530,654	-	530,654	
-	-	-	-	177,598	1,224,908	
-	740,538	127,748	626,865	742,956	3,285,417	
\$ -	\$ 13,171,294	\$ 2,049,520	\$ 629,643	\$ 5,236,430	\$ 22,238,317	

See accompanying notes to financial statements.

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2017*

Total governmental fund balances \$ 3,285,417

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements:

Capital assets	\$ 18,814,941	
Less accumulated depreciation	<u>(3,394,430)</u>	15,420,511

An internal service fund is used by management to charge the costs of certain activities to individual units. The assets and liabilities of the internal service fund are reported in the statement of net position. 1,074,842

Revenue for special assessments is deferred for fund reporting but is recognized in the government-wide statements at the time the assessment is levied. The deferral is not reported on the government-wide statements. 18,826,291

Some liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long term liabilities at year-end are:

Bonds & notes payable	(18,826,291)	
Accrued interest on long-term debt	<u>(110,265)</u>	(18,936,556)

Total net position - governmental activities \$ 19,670,505

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2017*

	Special Revenue Funds			
	Water Control Eastside	Water Control Westside	Road Maintenance - PBCE	Road Maintenance - Jupiter Farms
Revenues:				
Assessments	\$ 314,902	\$ 997,772	\$ 336,868	\$ 711,529
Charges for services	-	-	-	4,170
Reimbursement of Connection Fees	-	-	-	-
Investment income	1,786	3,196	692	1,856
Miscellaneous	7,136	15,400	6,886	16,020
Total revenues	323,824	1,016,368	344,446	733,575
Expenditures:				
Current:				
Physical environment	338,837	1,017,061	-	-
Transportation	-	-	320,325	822,534
Recreation	-	-	-	-
Capital outlay	-	111,800	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Other debt service	-	-	-	-
Total expenditures	338,837	1,128,861	320,325	822,534
Excess (deficiency) of revenues over (under) expenditures	(15,013)	(112,493)	24,121	(88,959)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(18,050)	-	-
Total other financing sources (uses)	-	(18,050)	-	-
Net change in fund balance	(15,013)	(130,543)	24,121	(88,959)
Fund balances, beginning of year	42,817	167,395	397,514	649,978
Fund balances, end of year	\$ 27,804	\$ 36,852	\$ 421,635	\$ 561,019

See accompanying notes to financial statements.

Debt Service Funds			Capital Projects		
Egret Landing Refunding Note	2015 Water Distribution System Bonds	2007 Series A OGEM Road Note	Road Improvement Funds	Other Governmental Funds	Total Governmental Funds
\$ 520,392	\$ 1,167,145	\$ 245,365	\$ -	\$ 1,049,536	\$ 5,343,509
-	-	-	-	-	4,170
-	80,002	-	-	-	80,002
629	1,453	734	597	2,043	12,986
-	-	-	-	-	45,442
521,021	1,248,600	246,099	597	1,051,579	5,486,109
-	-	-	-	-	1,355,898
-	-	-	-	-	1,142,859
-	-	-	-	22,292	22,292
-	-	-	1,614,294	-	1,726,094
562,720	720,000	152,525	-	740,072	2,175,317
15,571	361,625	86,120	-	199,564	662,880
-	-	-	-	-	-
7,531	62,410	2,519	-	75,047	147,507
585,822	1,144,035	241,164	1,614,294	1,036,975	7,232,847
(64,801)	104,565	4,935	(1,613,697)	14,604	(1,746,738)
-	-	-	285,250	59,771	345,021
(59,771)	-	-	-	(67,200)	(145,021)
(59,771)	-	-	285,250	(7,429)	200,000
(124,572)	104,565	4,935	(1,328,447)	7,175	(1,546,738)
124,572	635,973	122,813	1,955,312	735,781	4,832,155
\$ -	\$ 740,538	\$ 127,748	\$ 626,865	\$ 742,956	\$ 3,285,417

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2017*

Net change in fund balances - total governmental funds \$ (1,546,738)

Amounts reported in the statement of activities are different because:

Governmental funds do not include the internal service fund activities which are reported in the statement of activities. 79,232

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 966,678

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and other related items.

Special assessment debt principal payments	2,175,317	
Net change in amortization adjustments	<u>(78,432)</u>	
Total debt adjustments		2,096,885

Governmental funds report annual collections of debt assessments as revenue, including the portion collected for principal repayment. However, in the statement of activities, the principal repayment portion was recognized as revenue upon adoption of the resolutions authorizing the debt. (2,175,317)

Change in net position of governmental activities \$ (579,260)

*Proprietary Fund-Internal
Service Fund*

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Net Position

Internal Service Fund

September 30, 2017

Assets:

Current assets:

Cash and short-term investments	\$	320,291
Accounts receivable		8,000
Prepaid expenses		14,474
Total current assets		342,765

Noncurrent assets:

Equipment		1,725,417
Accumulated depreciation		(881,809)
Total noncurrent assets		843,608

Total assets **\$ 1,186,373**

Liabilities:

Current liabilities:

Accounts payable and accrued expenses	\$	77,454
Total current liabilities		77,454

Noncurrent liabilities:

Accrued compensated absences		34,077
Total liabilities		111,531

Net Position

Investment in capital assets		843,608
Net position - unrestricted		231,234
Total net position		1,074,842

Total liabilities and net position **\$ 1,186,373**

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Internal Service Fund
Year Ended September 30, 2017

Operating revenues:	
Charges for services	\$ 1,756,672
Other	12,303
Total operating revenues	1,768,975
Operating expenses:	
Personal services	899,302
Materials, supplies, services and other operating expenses	523,801
Depreciation	116,455
Total operating expenses	1,539,558
Operating income	229,417
Nonoperating revenues (expenses):	
Investment income	75
Rental income	31,740
Gain on the disposition of equipment	18,000
Transfers out	(200,000)
Total nonoperating expenses	(150,185)
Change in net position	79,232
Net position, beginning of year	995,610
Net position, end of year	\$ 1,074,842

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Cash Flows

Internal Service Fund

Year Ended September 30, 2017

Cash flows from operating activities:	
Cash receipts from quasi-external operating transactions	\$ 1,756,672
Cash payments to suppliers for goods and services	(448,560)
Cash payments to employees for services	(902,179)
Other operating revenues	12,303
Net cash provided by operating activities	418,236
Cash flows from capital and related financing activities:	
Purchase of fixed assets	(292,370)
Net cash used by capital and related financing activities	(292,370)
Cash flows from noncapital financing activities	
Interest income	75
Rental income	31,740
Transfers to other funds-net	(200,000)
Net cash used by noncapital financing activities	(168,185)
Net decrease in cash and cash equivalents	(42,319)
Cash and cash equivalents, beginning of year	362,610
Cash and cash equivalents, end of year	320,291
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	229,417
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	116,455
Decrease in:	
Prepaid expenses	44,817
Increase in:	
Accounts payable and accrued expenses	30,422
Accrued compensated absences	(2,877)
Total adjustments	188,817
Net cash provided by operating activities	\$ 418,234

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Regulatory Requirements

South Indian River Water Control District (the "District") was originally incorporated as South Indian River Drainage District on July 3, 1923, by decree of the Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, State of Florida, pursuant to Chapter 6458 of the Laws of the State of Florida, approved June 9, 1923. Subsequent legislation has extended the powers granted to the District. The Charter of the District has been codified as Chapter 2001-313, Laws of Florida.

The purpose of the District is to provide surface water management of lands within the District by constructing and maintaining the necessary canals, roads, pumping stations, and other water control structures. The District also has the responsibility for the maintenance and repair of dedicated roads and road rights of way, including swales thereof, within the District, where such maintenance and repair is not performed by other governmental units, and to provide potable water distribution, wastewater collection and park maintenance services in a portion of the District.

The District contains approximately 12,000 acres located in Township 40 South, Range 41 East; Township 41 South, Range 41 East; and Township 41 South, Range 42 East, Palm Beach County, Florida.

Accounting Principles

The accounting methods and procedures adopted by the District conform to U.S. generally accepted accounting principles as applied to governmental entities. The District follows the requirements of GASB Statement No. 34. This statement requires the following to be presented in the financial statements:

Management's discussion and analysis;

Basic Financial Statements:

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting,

Fund financial statements, consisting of a series of statements that focus on a government's major funds,

Notes to the financial statements;

Required Supplementary Information, which requires budgetary comparison schedules to be presented.

Additionally, GASB Statement No. 34 requires the elimination of the effects of internal service activities and the recording of depreciation for general capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information on all of the activities of the District. Inter-fund activity has been eliminated from these statements. The statement of activities demonstrates the extent to which the direct expenses for a given program or function is offset by program revenues. Program revenues include special assessments levied by the District, miscellaneous charges for external services, and restricted investment income. Certain miscellaneous items are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, and the internal service fund. Major individual governmental funds are reported as separate columns.

The District reported the following seven major individual governmental funds for the year ended September 30, 2017

Special Revenue Funds

Water Control Eastside

Water Control Westside

Road Maintenance - Palm Beach Country Estates (PBCE)

Road Maintenance - Jupiter Farms

Debt Service Funds

Egret Landing Refunding Note

2015 Water Distribution System Refunding Bonds

2007 Series A OGEM Road Improvement Note

Capital Projects Funds

Road Improvement Funds

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Since the principal users of internal services are the District's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities in the government-wide statements. This avoids "doubling up" revenues and expenses.

Basis of Presentation

Government-wide Financial Statements

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

Because the government-wide statements are presented on a different measurement focus and basis of accounting than the fund financial statements, reconciliations are presented to explain the adjustments needed to transform the fund-based financial statements into the government-wide presentation.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Revenues for expenditure-driven grants or cost sharing arrangements are made when the qualifying expenditures are included.

Assessment and interest revenues associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The District uses the County Property Appraiser and Tax Collector to collect assessments. Maintenance assessments are levied on October 1 of each year. Debt assessments are levied at the time the related debt is authorized. Maintenance assessments and annual installments of debt assessments are included with property tax bills which are mailed on or about November 1 and must be paid by the following March. Tax bills not paid are declared delinquent and tax certificates are sold in July to satisfy the lien. Unsold certificates paid after September 30, are recorded as revenue in the fiscal year received.

The District's proprietary fund is accounted for using the economic resources measurement focus and the accrual basis of accounting

Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The reporting model sets forth minimum criteria (percentage of total assets, liabilities, revenues or expenditures of governmental funds) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The District utilizes the following fund types:

Governmental Funds

Special Revenue Funds – These funds are used to account for revenues which are restricted to the maintenance of water control facilities, roads and a park.

Debt Service Funds – These funds are used to account for the payment of interest and principal on long-term debt.

Capital Projects Fund – These funds are used to account for resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund

Internal Service Fund – This fund is used to account for the provision of maintenance services to individual units on a cost reimbursement basis.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The District adopts annual budgets for the Special Revenue and Debt Service Funds that are funded with special assessments on a basis consistent with generally accepted accounting principles (GAAP). As required by GASB Statement No. 34, budgetary comparison schedules are presented for the major special revenue funds. Budgetary comparison schedules are not required and have not been presented for debt service or capital projects funds or for nonmajor special revenue funds.

Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Investments are separately held and individually accounted for where contractual arrangements or debt covenants provide for and require such arrangements. Investments are stated at fair value (See Note 2).

Special Assessments Receivable/Unavailable Revenue

Special assessments receivable recorded in the Debt Service Funds represent the balance of outstanding assessments levied by the District to repay outstanding debt net of available restricted cash and investments. The assessments are levied at the time the related debt issuance is authorized. The receivables are collected in annual installments together with assessments for interest and collection costs in amounts sufficient to meet the annual debt service requirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Assessments Receivable/Unavailable Revenue (Continued)

The District reports unavailable revenue in the fund financial statements in an amount equal to the special assessments receivable since this revenue will be collected in future years. In the government-wide financial statements the assessment revenue is recognized at the time the assessments are levied.

Capital Assets and Depreciation

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received.

Capital assets are defined as assets with a useful life of greater than one year and an acquisition cost of more than \$2,500 for equipment and \$25,000 for infrastructure. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure, such as canals, bridges, culverts and drainage systems, are capitalized along with other general capital assets at historical costs.

Depreciation of most capital assets is computed by the straight-line method. Estimated useful lives range from 5 to 50 years. The District does not depreciate land, canals, or easements because these assets are considered to be inexhaustible.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). The District has recorded deferred outflow of resources on the statement of net position resulting from a defeasance of debt in a bond refunding where there was a difference between the reacquisition price of the refunding debt and the net carrying amount of the old debt.

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s), and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the term unavailable revenue is reported in the governmental funds balance sheet to reflect the balance of outstanding assessments levied by the District to repay debt outstanding, but not currently due. These amounts are unavailable and will be recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position equals the difference between assets and deferred outflow of resources and liabilities. In the government-wide financial statements, net position is categorized in one of three categories as either invested in capital assets, restricted, or unrestricted. Net investment in capital assets is equal to capital assets less accumulated depreciation and related debt. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors, or grantors.

Fund Equity

Governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Supervisors through a resolution are classified as committed fund balances. Amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by District's management based on the Board of Supervisors direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes. It is the District's policy to expend restricted funds first when both restricted and unrestricted fund balance is available unless there are legal agreements that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Employee Benefits

The District's policy is to permit employees to accumulate up to 120 hours vacation and up to 480 hours sick leave. The cost of earned but unused vacation leave is accrued as a liability in the period in which the leave is earned. A liability for earned but unused sick leave is accrued to the extent that it is probable, based on the District's experience that the leave will result in cash payments at termination.

Risk Management

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees, and natural disasters. The District purchases commercial insurance for claims for all material risks of loss to which the District is exposed, including general liability, property, and workers' compensation insurance. The District is also covered by Florida Statutes under the doctrine of sovereign immunity, which effectively limits the amount of liability of the District to individual claims of \$200,000/\$300,000 for all claims relating to the same incident. There were no changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage.

Use of Estimates

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

NOTE 2. CASH AND INVESTMENTS

Cash

At September 30, 2017, the carrying amount of cash on hand and on deposit with banks, including interest-bearing accounts, was \$88,603. All of the District's bank deposits including money market accounts and certificates of deposit are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." (the "QPD"). Under the Act, every qualified public depository shall deposit with the Chief Financial Officer eligible collateral of the depository to be held subject to his order. The Chief Financial Officer by rule has established minimum required collateral pledging levels ranging from 25% to 125% of the average monthly balance of public deposits, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At year end, the full amount of the District's monetary assets were covered by federal depository insurance or by the QPD program.

Investments

At September 30, 2017 the District's investments were held as follows:

	Amortized Cost	Credit Risk	Maturity
Money Market Funds	\$ 969,212	S&P: A-2	Less than 7 days
Certificates of Deposit	2,611,707	S&P: A-2	44 days
Total	\$ 3,580,919		

Money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments reported above are at amortized cost.

Credit risk – For investments, credit risk is generally the risk that an issuer of the 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. The District minimizes the credit risk of its portfolio by only investing with financial institutions who participate in the QPD program

NOTE 2. CASH AND INVESTMENTS (Continued)

Concentration risk – The District places no limit on the amount it may invest in any one issuer. The District minimizes the concentration risk of its portfolio by only investing with financial institutions who participate in the QPD program

Interest rate risk – The District has no formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District attempts to minimize this risk in its portfolio by investing primarily in money market funds and short term certificates of deposits.

NOTE 3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers of resources from a fund receiving revenue to the fund through which the resources will be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and transfers (to) from other funds in the internal service fund. Transfers were made to fund the Road Improvement Renewal and Replacement fund.

During the year ended September 30, 2017, the District had the following transfers between funds:

	Transfers In	Transfers Out
Major fund:		
Road Improvement Funds	\$ 285,250	\$
Water Control Westside		18,050
Egret Landing Refunding Note		59,771
Nonmajor fund:		
Egret Landing Maintenance	59,771	
PBCE Park Maintenance		67,200
Proprietary Fund		
Internal Service Fund		200,000
Totals	\$ 345,021	\$ 345,021

NOTE 4. CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 388,536	\$ -	\$ -	\$ 388,536
Canal & Dikes	6,835,046	-	-	6,835,046
Construction In Progress	30,486	1,411,934	(1,442,420)	-
Total Capital Assets Not Being Depreciated	7,254,068	1,411,934	(1,442,420)	7,223,582
Capital Assets Being Depreciated:				
Buildings	188,153	-	-	188,153
Improvements & Infrastructure:	9,960,786	1,442,420	-	11,403,206
Machinery And Equipment	1,529,469	310,369	(114,421)	1,725,417
Total Capital Assets Being Depreciated	11,678,408	1,752,789	(114,421)	13,316,776
Accumulated Depreciation:				
Buildings	155,229	4,704	-	159,933
Improvements & Infrastructure:	2,793,946	440,551	-	3,234,497
Equipment	879,774	116,456	(114,421)	881,809
Total Accumulated Depreciation	3,828,949	561,711	(114,421)	4,276,239
Net Capital Assets Being Depreciated	7,849,459	1,191,078	-	9,040,537
Total Capital Assets, Net	\$ 15,103,527	\$ 2,603,012	\$ (1,442,420)	\$ 16,264,119

Depreciation was charged to functions as follows:

Water Control	\$ 57,909
Road Maintenance	483,115
Park Maintenance	20,687
Total depreciation expense	\$ 561,711

NOTE 5. LONG-TERM OBLIGATION

Changes in long-term obligations for the year ended September 30, 2017, are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Special Assessment Bonds	\$ 13,150,000	\$ -	\$ 720,000	\$ 12,430,000
Special Assessment Notes	7,851,608	-	1,455,317	6,396,291
Long-term liabilities	\$ 21,001,608	\$ -	\$ 2,175,317	\$ 18,826,291

The bonds and notes are limited obligations of the District and are collateralized solely by special assessments levied upon the lands benefited.

Long-term debt at September 30, 2017 consisted of the following:

Special Assessment Bond

\$13,775,000 2015 Special Assessment Revenue Improvement Bond (Palm Beach Country Estates Water Distribution System) due in an annual installments ranging from \$720,000 to \$1,055,000 through August 1, 2031 with interest 2.75% payable semi-annually on February 1st and August 1st of each year. \$ 12,430,000

Total Special Assessment Bonds	\$ 12,430,000
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Notes Payable

Terms of the District's Improvement Notes require the District to levy annual assessments on the benefitted property sufficient to pay the debt service on the notes. The notes are secured by and payable solely from these annual assessments.

\$400,000 2004 Series C PBCE Road Improvement Note due in level annual installments of principal and interest of \$35,876 payable on April 1st of each year. 99,635
Interest is computed at 3.96% per annum with a final maturity on April 1st, 2020.

\$3,200,000 2007 OGEM Road Improvement Note due in annual installments of \$158,870 to \$229,393 through August 1, 2027, with interest at 4.16% payable semi-annually on February 1st and August 1st of each year. 1,921,744

NOTE 5. LONG-TERM OBLIGATION (Continued)

\$2,330,000 2009 PBCE Hookup Financing Note due in annual installments of \$160,000 to \$196,000 through August 1, 2023 with interest at at 4.17% per annum is payable semi-annually on February 1st and August 1st of each year. A final installment of \$198,442 plus interest at 4.17% per annum is due on July 20, 2024. 1,262,442

\$1,875,000 2011 Road Improvement Note due in annual installments of \$118,340 to \$162,880 through August 1, 2026, with interest at 4.07% payable semi-annually on February 1st and August 1st of each year. 1,256,050

\$680,000, 2013 Road Improvement Note due in annual installments of \$53,200 to \$68,830 through October 1, 2026, payable semi-annually on April 1st and October 1st of each year. Interest is accrued at 3.75% per annum \$ 485,770

\$1,500,000, 2016 Road Improvement Note due in annual installments of \$133,560 to \$172,490 through August 1, 2026, payable semi-annually on April 1st and October 1st of each year. Interest is accrued at 3.25% per annum 1,370,650

Total Long-Term Notes	6,396,291
Total Long-Term Obligations	\$ 18,826,291

Reported in the statement of net assets as:

Total long-term obligations	\$ 18,826,291
Less current portion	(1,395,900)
Noncurrent portion	\$ 17,430,391

NOTE 5. LONG-TERM OBLIGATION (Continued)

Changes in long-term obligations for the year ended September 30, 2017, are summarized below:

	2015 PBCE Water Distribution System Bond	2004 Road Improvement Note Series C	2007 OGEM Road Resurfacing Notes
Long-term obligations October 1, 2016	\$ 13,150,000	\$ 130,349	\$ 2,074,269
Bonds/notes retired	(720,000)	(30,714)	(152,525)
Long-term obligations, September 30, 2017	\$ 12,430,000	\$ 99,635	\$ 1,921,744

Debt service requirements to maturity are as follows:

	2015 PBCE Water Distribution System Bonds	2004 Road Improvement Note Series C	2007 OGEM Road Resurfacing Notes
2018	1,081,825	35,876	238,815
2017	1,081,475	35,876	238,815
2020	1,080,575	35,876	238,815
2021	1,084,125	-	238,814
2022	1,081,987	-	238,815
2023-2027	5,407,251	-	1,194,192
2028-2032	4,327,012	-	-
2033-2037	-	-	-
Totals	15,144,250	107,628	2,388,266
Less amount representing interest	2,714,250	7,993	466,522
Totals	\$ 12,430,000	\$ 99,635	\$ 1,921,744

NOTE 5. LONG-TERM OBLIGATION (Continued)

Changes in long-term obligations for the year ended September 30, 2017, are summarized below:

	2009 PBCE Hookup Financing Program	2011 Road Improvement	2013 Road Improvement
Long-term obligations October 1, 2016	\$ 1,415,442	\$ 1,369,760	\$ 537,040
Bonds/notes retired	(153,000)	(113,710)	(51,270)
Long-term obligations, September 30, 2017	\$ 1,262,442	\$ 1,256,050	\$ 485,770

Debt service requirements to maturity are as follows:

	2009 PBCE Hookup Financing Program	2011 Road Improvement	2013 Road Improvement
2018	213,375	169,461	71,669
2017	212,610	169,465	71,637
2020	212,700	169,462	71,638
2021	213,278	169,466	71,572
2022	212,625	169,467	71,543
2023-2027	419,324	677,910	214,439
2028-2032	-	-	-
2033-2037	-	-	-
Totals	1,483,912	1,525,231	572,498
Less amount representing interest	221,470	269,181	86,728
Totals	\$ 1,262,442	\$ 1,256,050	\$ 485,770

NOTE 5. LONG-TERM OBLIGATION (Continued)

2016 Road Improvement	Total Notes and Bonds Payable	Amount Representing Principal
\$ 1,500,000	\$ 20,176,860	\$ 20,176,860
(129,350)	(1,350,569)	(1,350,569)
\$ 1,370,650	\$ 18,826,291	\$ 18,826,291

2016 Road Improvement	Total Notes and Bonds Payable	Amount Representing Interest	Amount Representing Principal
178,725	1,989,746	593,846	1,395,900
178,664	1,988,542	547,618	1,440,924
178,699	1,987,765	500,092	1,487,673
178,518	1,955,773	450,460	1,505,313
178,455	1,952,892	400,670	1,552,222
713,172	8,626,288	349,261	8,277,027
-	4,327,012	877,768	3,449,244
-	-	282,012	(282,012)
1,606,233	22,828,018	4,001,727	18,826,291
235,583	4,001,727	(4,001,727)	-
\$ 1,370,650	\$ 18,826,291	-	\$ 18,826,291

NOTE 6. RETIREMENT PLANS

Defined Benefit Plan

The District contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan. FRS was created by the Florida Legislature, and is administered by the State of Florida, Department of Administration, Division of Retirement. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State Constitution and Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis.

FRS issues a publicly available financial report that may be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Since July 1, 2014 plan members are required to contribute 3% of their eligible compensation to the Plan. For the year ended September 30, 2017, the District was required to contribute 7.52% to June 30, 2017 and subsequent to that date, 7.92% of the annual covered salary for the regular member class. The District's contributions to FRS for the years ended September 30, 2017, 2016, and 2015 were \$1,712, \$4,206, and \$4,178, respectively, equal to the required contributions for each year.

This plan was closed for all new employees hired after December 31, 1995. As of September 30, 2017 there are one participant in the plan.

Defined Contribution Plan

The District participates in a defined contribution pension plan established to provide benefits at retirement to eligible employees hired after January 1, 1996. At September 30, 2017, there were 21 plan members. The District's total payroll for all employees was \$678,012 and those covered by the plan was \$578,766. The District is required to contribute 10% of the annual covered payroll. Plan members are not required to contribute. Plan provisions and contribution requirements are established and may be amended by the District's Board of Supervisors.

NOTE 7. COMMITMENTS & SUBSEQUENT EVENTS

Advance to Town of Jupiter

In June 2005, the District entered into an agreement with the Town of Jupiter (the "Town") to provide water service to a portion of land within the District, (Palm Beach Country Estates Community located within the Unit of Development RI-13 Project Area). The terms of the agreement required the District to pay approximately 50% of the connection fees, capacity charges and other fees for 1,400 connections totaling \$3,038,952. Pursuant to this agreement and from proceeds of the Series 2006 Bonds, the District paid \$2,488,952 to the Town as prepaid connection charges. This amount represents the total required connection charges due to the Town, less an applied credit of \$550,000 for the District's construction of certain portions of the water system. Upon hookup of each individual connection the landowner will be responsible for the payment of all connection fees on the property. The Town will reimburse the District the portion of the fees paid.

On March 26, 2012 the District and the Town agreed to an extension of their cooperative agreement for a period of three years with an option to renew for an additional three year period. In November, 2015 both parties agreed to the optional three year extension. Under the terms of the extension agreement the Town will continue to offer the fee schedule specified in the original agreement and will continue to reimburse the District for new connections. Also as part of the original extension agreement the Town reimbursed the District for costs associated with constructing water lines for the Town.

During the year the District received \$80,002 from this program and at September 30, 2017 the District had received a total of \$2,861,932 from inception from the Town as reimbursement for prepaid connection fees and construction costs. This program will expire in June 2018. Using funds received from the above agreement and surplus construction funds the District called \$2,150,000 and \$400,000 of the Series 2006B bonds on August 1, 2010 and 2013, respectively.

Also as part of the original extension agreement the Town initiated a program to landowners to facilitate the financing of hookups similar to the Hookup Financing program offered by the District between 2009 and 2011. The District agreed to collect the assessments from the affected landowners and turn the net proceeds over to the Town. The District assumes no liability for this service.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Budgetary Comparison Schedule

Water Control Eastside - Special Revenue Fund

Year Ended September 30, 2017

	Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
Revenues:				
Assessments	\$ 288,000	\$ 288,000	\$ 314,902	\$ 26,902
Investment income	-	-	1,786	1,786
Miscellaneous	-	-	7,136	7,136
Total revenues	288,000	288,000	323,824	35,824
Expenditures:				
Current:				
Physical environment	265,790	265,790	338,837	(73,047)
Total expenditures	265,790	265,790	338,837	(73,047)
Excess (deficiency) of revenues over (under) expenditures	22,210	22,210	(15,013)	(37,223)
Fund balances, beginning of year	12,378	42,817	42,817	-
Fund balances, end of year	\$ 34,588	\$ 65,027	\$ 27,804	\$ (37,223)

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Budgetary Comparison Schedule

Water Control Westside - Special Revenue Fund

Year Ended September 30, 2017

	Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
Revenues:				
Assessments	\$ 939,640	\$ 939,640	\$ 997,772	\$ 58,132
Investment income	200	200	3,196	2,996
Miscellaneous	5,800	5,800.00	15,400	9,600
Total revenues	945,640	945,640	1,016,368	70,728
Expenditures:				
Current:				
Physical environment	832,540	832,540	1,017,061	(184,521)
Capital outlay	-	-	111,800	(111,800)
Total expenditures	832,540	832,540	1,128,861	(296,321)
Excess (deficiency) of revenues over (under) expenditures	113,100	113,100	(112,493)	(225,593)
Other financing uses:				
Transfers out	(18,050)	(18,050)	(18,050)	-
Total other financing uses	(18,050)	(18,050)	(18,050)	-
Net change in fund balance	95,050	95,050	(130,543)	(225,593)
Fund balances, beginning of year	180,143	167,395	167,395	-
Fund balances, end of year	\$ 275,193	\$ 262,445	\$ 36,852	\$ (225,593)

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Budgetary Comparison Schedule

Road Maintenance- PBCE - Special Revenue Fund

Year Ended September 30, 2017

	Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
Revenues:				
Assessments	\$ 352,800	\$ 352,800	\$ 336,868	\$ (15,932)
Investment income	600	600	692	92
Miscellaneous	-	-	6,886	6,886
Total revenues	353,400	353,400	344,446	(8,954)
Expenditures:				
Current:				
Transportation	377,870	377,870	320,325	57,545
Total expenditures	377,870	377,870	320,325	57,545
Excess (deficiency) of revenues over (under) expenditures	(24,470)	(24,470)	24,121	48,591
Fund balances, beginning of year	459,273	397,514	397,514	-
Fund balances, end of year	\$ 434,803	\$ 373,044	\$ 421,635	\$ 48,591

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT
Budgetary Comparison Schedule
Road Maintenance- Jupiter Farms - Special Revenue Fund
Year Ended September 30, 2017

	Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
Revenues:				
Assessments	\$ 739,200	\$ 739,200	\$ 711,529	\$ (27,671)
Charges for services	12,000	12,000	4,170	(7,830)
Investment income	1,300	1,300	1,856	556
Miscellaneous	-	-	16,020	16,020
Total revenues	752,500	752,500	733,575	(18,925)
Expenditures:				
Current:				
Transportation	969,110	969,110	822,534	146,576
Total expenditures	969,110	969,110	822,534	146,576
Excess (deficiency) of revenues over (under) expenditures	(216,610)	(216,610)	(88,959)	127,651
Fund balances, beginning of year	798,889	649,978	649,978	-
Fund balances, end of year	\$ 582,279	\$ 433,368	\$ 561,019	\$ 127,651

See accompanying notes to financial statements.

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**COMBINING FINANCIAL
STATEMENTS**

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet
Other Governmental Funds
September 30, 2017*

		Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Assets:					
Cash and short-term investments	\$	192,738	\$ 379,480	\$ 181,209	\$ 753,427
Receivables:					
Special assessments		-	4,474,547	-	4,474,547
Accounts receivable		3,673	4,783	-	8,456
Total assets	\$	196,411	\$ 4,858,810	\$ 181,209	\$ 5,236,430
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued expense	\$	18,813	\$ 114	\$ -	\$ 18,927
Total liabilities		18,813	114	-	18,927
Deferred inflows of resources:					
Unavailable revenue-special assessments		-	4,474,547	-	4,474,547
Total deferred inflows of resources		-	4,474,547	-	4,474,547
Fund balances:					
Restricted for:					
Debt service		-	384,149	-	384,149
Future construction		-	-	181,209	181,209
Assigned for:					
Subsequent years operations		177,598	-	-	177,598
Total fund balances		177,598	384,149	181,209	742,956
Total liabilities, deferred inflows of resources, and fund balances	\$	196,411	\$ 4,858,810	\$ 181,209	\$ 5,236,430

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Combining Balance Sheet

Nonmajor Special Revenue Funds

September 30, 2017

	PBCE Park Maintenance	Egret Landing Maintenance	Jupiter Commerce Park Maintenance
<hr/>			
Assets:			
Cash and short-term investments	\$ 48,897	\$ 78,449	\$ 65,392
Receivables:			
Accounts receivable	645	3,028	-
Total assets	\$ 49,542	\$ 81,477	\$ 65,392
<hr/>			
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 51	\$ 18,762	\$ -
Total liabilities	51	18,762	-
<hr/>			
Fund balances:			
Assigned for:			
Subsequent years operations	49,491	62,715	65,392
Total fund balances	49,491	62,715	65,392
Total liabilities, deferred inflows of resources, and fund balances	\$ 49,542	\$ 81,477	\$ 65,392

See accompanying notes to financial statements.

**Total
Nonmajor
Special
Revenue Funds**

\$ 192,738

-

3,673

\$ 196,411

\$ 18,813

18,813

177,598

177,598

\$ 196,411

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2017*

	2004 Series A OGEM Road Improvement Note	2004 Series B Section 18 Road Improvement Note	2004 Series C PBCE Road Improvement Note
Assets:			
Cash and short-term investments	\$ 52,960	\$ 22,064	\$ 23,005
Receivables:			
Special assessments	-	-	99,635
Accounts receivable	1,267	233	231
Total assets	\$ 54,227	\$ 22,297	\$ 122,871
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 24	\$ 1	\$ 5
Total liabilities	24	1	5
Deferred inflows of resources:			
Unavailable revenue-special assessments	-	-	99,635
Total deferred inflows of resources	-	-	99,635
Fund balances:			
Restricted for:			
Debt service	54,203	22,296	23,231
Total fund balances	54,203	22,296	23,231
Total liabilities, deferred inflows of resources, and fund balances	\$ 54,227	\$ 22,297	\$ 122,871

See accompanying notes to financial statements.

2009 PBCE Hookup Financing Note	2011 Road Improvement Note	2013 Road Improvement Note	2016 Road Improvement Note	Total Nonmajor Debt Service Funds
\$ 155,921	\$ 75,513	\$ 15,596	\$ 34,421	\$ 379,480
1,262,442	1,256,050	485,770	1,370,650	4,474,547
1,574	1,017	449	12	4,783
\$ 1,419,937	\$ 1,332,580	\$ 501,815	\$ 1,405,083	\$ 4,858,810
\$ 32	\$ 21	\$ 9	\$ 22	\$ 114
32	21	9	22	114
1,262,442	1,256,050	485,770	1,370,650	4,474,547
1,262,442	1,256,050	485,770	1,370,650	4,474,547
157,463	76,509	16,036	34,411	384,149
157,463	76,509	16,036	34,411	384,149
\$ 1,419,937	\$ 1,332,580	\$ 501,815	\$ 1,405,083	\$ 4,858,810

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Combining Balance Sheet

Nonmajor Capital Projects Funds

September 30, 2017

	1988 Drainage Plan	Total Nonmajor Capital Projects Funds
Assets:		
Cash and short-term investments	\$ 181,209	\$ 181,209
Total assets	\$ 181,209	\$ 181,209
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Fund balances:		
Restricted for:		
Future construction	\$ 181,209	\$ 181,209
Total fund balances	181,209	181,209
Total liabilities, deferred inflows of resources, and fund balances	\$ 181,209	\$ 181,209

See accompanying notes to financial statements.

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Governmental Funds
Year Ended September 30, 2017*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Revenues:				
Assessments	\$ 89,095	\$ 960,441	\$ -	\$ 1,049,536
Investment income	181	1,753	109	2,043
Total revenues	89,276	962,194	109	1,051,579
Expenditures:				
Current:				
Recreation	22,292	-	-	22,292
Debt service:				
Principal retirement	-	740,072	-	740,072
Interest and fiscal charges	-	199,564	-	199,564
Other debt service	-	75,047	-	75,047
Total expenditures	22,292	1,014,683	-	1,036,975
Excess (deficiency) of revenues over (under) expenditures	66,984	(52,489)	109	14,604
Other financing sources (uses):				
Transfers in	59,771	-	-	59,771
Transfers out	(67,200)	-	-	(67,200)
Total other financing sources (uses)	(7,429)	-	-	(7,429)
Net change in fund balance	59,555	(52,489)	109	7,175
Fund balances, beginning of year	118,043	436,638	181,100	735,781
Fund balances, end of year	\$ 177,598	\$ 384,149	\$ 181,209	\$ 742,956

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended September 30, 2017*

	PBCE Park Maintenance	Egret Landing Maintenance	Jupiter Commerce Park Maintenance
Revenues:			
Assessments	\$ 89,095	\$ -	\$ -
Investment income	136	6	39
Total revenue	89,231	6	39
Expenditures:			
Current:			
Recreation	22,292	-	-
Total expenditures	22,292	-	-
Excess (deficiency) of revenues over (under) expenditures	66,939	6	39
Other financing sources (uses):			
Transfers in	-	59,771	-
Transfers out	(67,200)	-	-
Total other financing sources (uses)	(67,200)	59,771	-
Net change in fund balance	(261)	59,777	39
Fund balances, beginning of year	49,752	2,938	65,353
Fund balances, end of year	\$ 49,491	\$ 62,715	\$ 65,392

See accompanying notes to financial statements.

**Total
Nonmajor
Special
Revenue
Funds**

\$ 89,095
181

89,276

22,292

22,292

66,984

59,771

(67,200)

(7,429)

59,555

118,043

\$ 177,598

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Debt Service Funds
Year Ended September 30, 2017*

	2004 Series A OGEM Road Improvement Note	2004 Series B Section 18 Road Improvement Note	2004 Series C PBCE Road Improvement Note
Revenues:			
Assessments	\$ 206,104	\$ 7,900	\$ 38,700
Investment income	706	47	46
Total revenues	206,810	7,947	38,746
Expenditures:			
Debt service:			
Principal retirement	221,482	40,546	30,714
Interest and fiscal charges	8,062	1,533	5,162
Other debt service	2,829	939	841
Total expenditures	232,373	43,018	36,717
Excess (deficiency) of revenues over (under) expenditures	(25,563)	(35,071)	2,029
Fund balances, beginning of year	79,766	57,367	21,202
Fund balances, end of year	\$ 54,203	\$ 22,296	\$ 23,231

See accompanying notes to financial statements.

2009 PBCE Hookup Financing Note	2011 Road Improvement Note	2013 Road Improvement Note	2016 Road Improvement Note	Total Nonmajor Debt Service Funds
\$ 269,684	\$ 174,687	\$ 75,379	\$ 187,987	\$ 960,441
404	289	104	157	1,753
270,088	174,976	75,483	188,144	962,194
153,000	113,710	51,270	129,350	740,072
59,656	55,626	20,098	49,427	199,564
66,325	2,029	1,171	913	75,047
278,981	171,365	72,539	179,690	1,014,683
(8,893)	3,611	2,944	8,454	(52,489)
166,356	72,898	13,092	25,957	436,638
\$ 157,463	\$ 76,509	\$ 16,036	\$ 34,411	\$ 384,149

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended September 30, 2017*

	1988 Drainage Plan	Total Nonmajor Capital Projects
<hr/>		
Revenues:		
Investment income	\$ 109	\$ 109
Total revenues	109	109
<hr/>		
Expenditures:		
Capital outlay	-	-
Total expenditures	-	-
<hr/>		
Excess (deficiency) of revenues over (under) expenditures	109	109
<hr/>		
Fund balances, beginning of year	181,100	181,100
Fund balances, end of year	\$ 181,209	\$ 181,209
<hr/>		

See accompanying notes to financial statements.

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REQUIRED REPORTS



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

To the Board of Supervisors
South Indian River Water Control District
Jupiter, 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Indian River Water Control District, Jupiter, Florida (the "District") as of and for the fiscal 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 opinion thereon dated April 23, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

April 23, 2018



**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**

To the Board of Supervisors
South Indian River Water Control District
Jupiter, Florida

We have examined South Indian River Water Control District, Jupiter, Florida'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, 2017. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

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 South Indian River Water Control District, Jupiter, Florida and is not intended to be and should not be used by anyone other than these specified parties.

April 23, 2018



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
South Indian River Water Control District
Jupiter, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements South Indian River Water Control District, Jupiter, Florida (the "District") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated April 23, 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 23, 2018, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, management, and the Board of Supervisors of South Indian River Water Control District, Jupiter, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank South Indian River Water Control District, Jupiter, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

April 23, 2018

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

2016-01: Procurement documentation

Current Status: Recommendation has been implemented.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2016, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2017.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2017.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2017 financial audit report.

6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.