

Annual Financial Report

Fiscal Year
Ended
September 30,
2016



Northern Palm Beach County Improvement District

359 Hiatt Drive
Palm Beach Gardens, FL 33418
www.npbcid.org

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**NORTHERN PALM BEACH COUNTY
IMPROVEMENT DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

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NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

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INTRODUCTORY SECTION

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

PRINCIPAL DISTRICT OFFICIALS

SEPTEMBER 30, 2016

Board of Supervisors

Matthew J. Boykin, CPA	President
Garro Artinian	Vice President
Adrian M. Salee, CMC	Supervisor
L. Marc Cohn	Supervisor
John P. Cohen	Supervisor

Executive Director

O'Neal Bardin, Jr.

Counsel to the District

Caldwell Pacetti Edwards Schoech & Viator LLP
West Palm Beach, Florida

District Engineer

Arcadis US, Inc.
West Palm Beach, Florida

Independent Auditor

Marcum LLP

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

UNITS OF DEVELOPMENT – SEPTEMBER 30, 2016

UNIT 1	-	Gramercy Park (Cypress Run)	UNIT 20	-	Juno Isles
UNIT 2	-	Frenchman's Creek			20A - 20B - 20C - 20D
UNIT 2A	-	MacArthur Overlay	UNIT 21	-	Old Marsh
UNIT 2B	-	Dissolved 6/23/04	UNIT 22	-	Inactive (Western Business Park)
UNIT 2C	-	Alton	UNIT 23	-	The Shores
UNIT 3	-	Horseshoe Acres/Square Lake	UNIT 24	-	Ironhorse
UNIT 3A	-	Woodbine	UNIT 24A	-	Dissolved 12/19/12
UNIT 4	-	West of Villages of Palm Beach Lakes	UNIT 25	-	Palm Beach International Raceway
UNIT 5	-	Henry Rolf	UNIT 26	-	Eastpointe Lake Sealing Project (inactive)
UNIT 5A	-	Vista Center of Palm Beach	UNIT 27	-	Jupiter High Tech Park
UNIT 5B	-	Baywinds	UNIT 27A	-	Inactive (Jupiter High Teck Park)
UNIT 5C	-	RiverWalk	UNIT 27B	-	Botanica
UNIT 5D	-	Andros Isle	UNIT 28	-	Water Resource Program (inactive)
UNIT 5E	-	Dissolved 9/28/01	UNIT 29	-	North Fork Development
UNIT 5F	-	Dissolved 5/27/98	UNIT 30	-	Incorporated in Unit 25 7/23/08
UNIT 6	-	Dissolved 5/27/98	UNIT 31	-	BallenIsles Country Club
UNIT 6A	-	Dissolved 12/21/94	UNIT 32	-	Palm Cove
UNIT 7	-	Dyer Boulevard	UNIT 32A	-	Palm Cove Sub-Unit
UNIT 7A	-	North County PUD (inactive)	UNIT 33	-	Cypress Cove
UNIT 8	-	Inactive	UNIT 34	-	Hidden Key
UNIT 8A	-	Avenir (f.k.a. Vavrus Ranch) (inactive)	UNIT 35	-	(not created as yet)
UNIT 9	-	Admirals Cove West	UNIT 36	-	Dissolved 11/16/11
UNIT 9A	-	Abacoa I	UNIT 37	-	Dissolved 10/27/99
UNIT 9B	-	Abacoa II	UNIT 38	-	Harbour Isles
UNIT 10	-	Caloosa (inactive)	UNIT 39	-	Mariner's Key
UNIT 11	-	PGA National	UNIT 40	-	Prosperity Bay Village (inactive)
UNIT 11A	-	Dissolved 2/22/12	UNIT 41	-	Mystic Cove
UNIT 12	-	Highland Pines	UNIT 42	-	Inactive (Blue Green Enterprises)
UNIT 12A	-	Gardens Hunt Club Sub-Unit	UNIT 43	-	Mirasol
UNIT 13	-	Mecca Farms	UNIT 44	-	The Bear's Club
UNIT 14	-	Eastpointe	UNIT 45	-	Paseos
		14A - 14B	UNIT 46	-	Jupiter Country Club
UNIT 15	-	Villages of Palm Beach Lakes	UNIT 47	-	Jupiter Isles
UNIT 16	-	First Park of South Florida (f.k.a. Palm Beach Park of Commerce)	UNIT 47A	-	Dissolved 9/24/03
UNIT 16A	-	PB Park of Commerce	UNIT 48	-	Dissolved 9/28/05
		Water & /Sewer Sub-Unit (inactive)	UNIT 49	-	Northern Palm Beach County Business Park
UNIT 17	-	Dissolved 3/26/03	UNIT 50	-	Balsamo (inactive)
UNIT 18	-	Ibis Golf & Country Club	UNIT 51	-	Frenchman's Harbor
UNIT 19	-	Regional Center	UNIT 52	-	Dissolved 2/28/07
UNIT 19A	-	Irrigation	UNIT 53	-	Arden (f.k.a. Highland Dunes)

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors and the Executive Director
Northern Palm Beach County Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northern Palm Beach Improvement District (District), as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, each major fund, and the aggregate remaining fund information of the Northern Palm Beach Improvement District, as of September 30, 2016, and the respective changes in financial position, 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 on pages 4 through 14 and 46 through 47 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Palm Beach Improvement District's basic financial statements. The combining nonmajor fund financial statements, and other supplementary financial data and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor financial statements and other supplementary financial data and schedules 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 and other supplementary financial data and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Northern Palm Beach Improvement District's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, Florida
March 14, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Northern Palm Beach County Improvement District would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year that ended on September 30, 2016. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's financial statements, which follow this section.

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- Net position at the end of the year was approximately \$230,913,000. Of this amount, approximately \$20,147,000 (unrestricted net position) may be used to meet the District's ongoing operations.
- Total net position of the District increased by approximately \$14,795,000 at September 30, 2016.
 - Net investment in capital assets decreased by approximately \$3,327,000. This was mainly due to the conveyance of roadways, drainage improvements, as well as water and sewer mains to other entities in Unit of Development 2C, Alton.
 - Net position restricted for debt service increased by approximately \$15,562,000 primarily due to the issuance of new debt resulting in an increase to deferred inflows, unavailable revenue. The District issued \$24,785,000 Water Control and Improvement Bonds, Unit of Development No. 53, Series 2015, in order to finance costs associated with the Unit 53 (Arden) Plan of Improvement.
 - Unrestricted net position increased by approximately \$2,560,000 this year mainly due to the accumulation of funds in various special revenue funds for upcoming large projects in the District's Five Year Capital Improvement Plan.
 - The District's total revenues (on an accrual basis) were approximately \$43,060,000 for the year ended September 30, 2016. This is a decrease of approximately \$28,984,000 or 40% from the prior year and is primarily due to the prior year including the issuance of new debt of \$59,380,000 in Unit 2C (Alton) which caused a large increase to assessments receivable. This assessment revenue is not deferred in the government-wide financial statements. Instead, it is recognized as revenue at the time the assessments are levied. In the government-wide financial statements, current year assessments were approximately \$90,000 or 0.4% lower than last year. Capital contributions from Land Owners increased by approximately \$1,285,000 mainly because the District received funding from the developer of Unit 2C, Alton, for the construction of certain improvements not eligible for payment through bond proceeds.
- Total expenses for all of the District's activities were approximately \$28,265,000 for the year. This is an increase of approximately \$3,319,000 or 13% from the previous year, primarily attributable to the increase in capital assets contributed to other entities in Unit 2C. Physical environment expenditures increased by approximately \$320,000 primarily as a result of increased depreciation expense.
- During the fiscal year ended September 30, 2016, the District issued \$24,785,000 Water Control and Improvement Bonds, Unit of Development No. 53, Series 2015, in order to finance costs associated with the Unit 53 (Arden) Plan of Improvement
- During the fiscal year ended September 30, 2016, the District refunded three bond issues, affecting Units of Development No. 5D, 45 and 46. These refundings resulted in total cash flow savings of approximately \$3,397,000 and an economic gain of approximately \$1,941,000. Further details can be found in Note 5 of the Notes to the Financial Statements.

- The District expended approximately \$32,709,000 on capital projects during the year, mainly in Units of Development No. 2C, 18, 31, and 53. This is an approximate \$19,141,000 or 141% increase from the prior year. The largest capital projects during the fiscal year ended September 30, 2016, were for the development of the water management plan and construction of improvements in Units 2C and 53 totaling approximately \$17,954,000 and \$12,238,000, respectively.
- GASB (Governmental Accounting Standards Board) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in June 2004. Northern is required to report the cost of benefits to retired employees during the time of their employment and how those benefits will be funded. Northern hired an actuary to compute the expense and accrued liability to date for those benefits. The State 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, 2016, Northern employed 17 people and had no retirees on the health insurance plan. The actuarially determined annual required contribution and expense under GASB 45 was \$280. The actuarial accrued liability to date is \$2,676. Since these amounts are not material, the District will not present them in the financial statements or the notes.

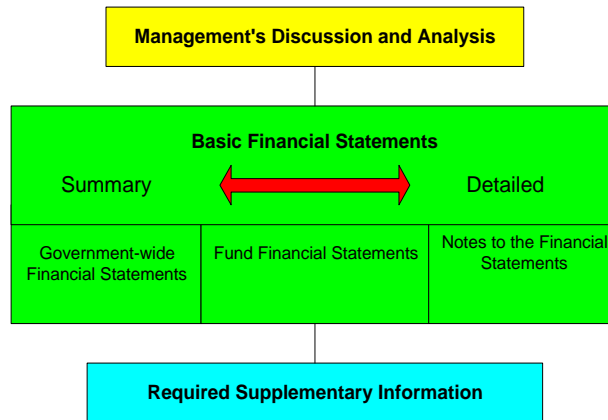
USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to Northern Palm Beach County Improvement District's basic financial statements. The District's basic financial statements provide information on both the District as a whole (government-wide) and on the individual major funds. The District's annual report consists of *three sections: the introductory section, the financial section* which includes management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents the combining statements for nonmajor governmental funds and other financial data and schedules and *the reporting section*. The basic financial statements themselves consist of three components: government-wide financial statements, fund financial statements and notes to the financial statements. These statements present different views of the District:

- The first two statements are ***government-wide financial statements*** that provide both long-term and short-term information about the District's *overall* financial status. This statement format combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets (including infrastructure) and long-term obligations.
- The ***fund financial statements*** focus on individual parts of the District, reporting the District's operations in *more detail* than the government-wide statements. This is the manner in which the budget is typically developed. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses of liquid resources.
- The financial statements also include ***notes*** that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the basic financial statements are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1
Required Components of Northern Palm Beach County Improvement
District's Basic Financial Statements



Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. The District's policy is to construct capital improvements for landowners and as they are completed, donate some of those improvements to other governments as a part of a Unit of Development's Plan of Improvement. As a result, the District's net position may have significant swings due solely to the amount of capital assets donated during a fiscal year. Other non-financial factors should be considered as well, such as the condition of the District's capital assets (canals, roads, pump stations, 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 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 15-16 of this report.

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 legal compliance with finance-related legal requirements. The District's funds are all categorized as governmental funds.

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 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. The differences between government-wide activities (reported in the statement of net position and the statement of activities) and governmental funds are reconciled on separate schedules.

The District's governmental funds are further divided into three fund types: special revenue funds, debt service funds and capital project funds.

Special revenue funds generally account for the maintenance activities in the various Units of Development. Restricted revenues mainly come from special assessments, interest earnings and loan proceeds. Expenditures are for maintenance activities in established Units of Development. These expenditures are typically for canal and lake maintenance, mowing, chemical weed control, road maintenance and repair projects.

Debt service funds account for the debt service for bonds and loans of the District. Generally the debt accounted for in these funds is from larger capital projects. Revenues are from special assessments, new or refunded debt and interest earnings. Expenditures are for debt service, trustee fees and refunding costs.

Capital project funds account for the larger construction projects in various Units of Development. These projects typically span multiple years and run concurrent with a Unit of Development's Plan of Improvement. Revenues are from debt issuance or landowner contributions and interest earnings. Expenditures are for capital outlay.

The District maintains 69 individual governmental funds: 45 special revenue funds, 17 debt service funds, 6 capital project funds and the general fund. Some funds are required by State law, however, the District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting its legal responsibilities for using certain taxes and other money. The fund financial statements provide detailed information about *the most significant funds* (major funds), not the District as a whole. Accordingly, five major funds, in addition to the general fund, are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds (non-major funds) are reported in these statements as a combined total.

The Fund Financial Statements can be found on pages 17 - 20 of this report.

Notes to Basic 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.

Notes to the financial statements can be found on pages 21 – 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also includes required supplementary information, combining nonmajor financial statements and schedules (supplementary information), as well as other supplementary financial data and schedules which can be found on pages 46 through 84 of this report.

Capital Assets

Infrastructure Assets

Historically, a government's largest group of assets, infrastructure, (roads, water control structures, surface water management systems, etc.) have not been reported nor depreciated in governmental fund financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the governmental activities column of the government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over the estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The District has elected to implement the depreciation method.

Intangible Assets

Northern is required to track and capitalize the cost of intangible assets including software and easements. The cost of software has always been captured in machinery and equipment when purchased. Easements are not required to be retroactively reported. Northern obtains easements over property for various reasons ranging from road right-of-ways to access easements to cross property to maintain our assets, to flowage easements to move stormwater across lakes. The most frequent easement obtained by Northern is an access easement to maintain District assets. The value that is assigned to the right (easement) is the fair value based on the average cost per acre of surrounding property. Northern has established that the threshold for capitalizing the cost of the easement on the financial statements is \$50,000. No easements met the threshold for fiscal year ended September 30, 2016.

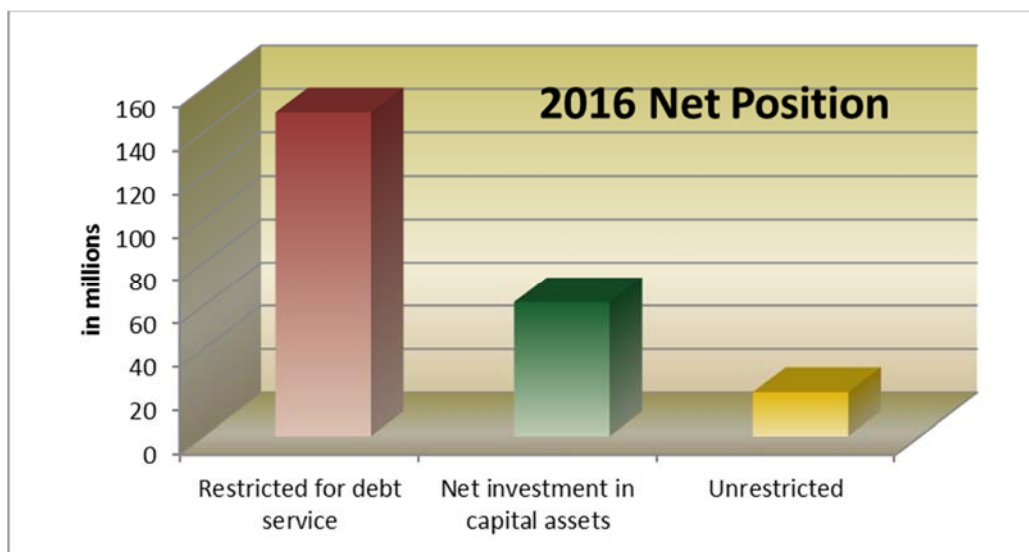
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position increased by 6.8% and was \$230,912,677 and \$216,117,572 in 2016 and 2015 respectively. Assets increased by 7.8% mostly due the increase in capital assets and in assessments receivable as a result of the issuance of the \$24,785,000 Water Control and Improvement Bonds, Unit of Development No. 53, Series 2015, in order to finance costs associated with the Unit 53 (Arden) Plan of Improvement. Capital assets increased by approximately 43.8% mainly due to the new construction in Units 2C and 53. Liabilities increased by 8.4% due to an increase in long-term debt due to scheduled debt service payments.

The largest portion of the District's net position (\$149,134,318 or 64.6%) represents net position restricted for debt service. An additional portion of the District's net position (\$61,631,794 or 26.7%) represents investment in capital assets (infrastructure, buildings, machinery and equipment, etc.) less any related outstanding debt and deferred outflows of resources used to acquire or construct those assets. The District uses capital assets to provide services to its residents; accordingly, these assets are not available for future spending. The remaining unrestricted net position (\$20,146,565) may be used to meet the District's ongoing operations.

The following chart highlights the components of net position as of September 30, 2016:



The following table highlights the net position as of September 30, 2016 and September 30, 2015:

	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>%</u>
ASSETS				
Cash and cash equivalents	\$ 42,750,229	\$ 30,406,932	\$ 12,343,297	40.6%
Investments	25,669,905	47,887,436	(22,217,531)	-46.4%
Receivables	190,512,276	173,882,447	16,629,829	9.6%
Prepaid items	347,238	297,295	49,943	16.8%
Capital assets not being depreciated	77,744,268	53,727,676	24,016,592	44.7%
Capital assets being depreciated, net	80,455,053	81,226,679	(771,626)	-0.9%
Total assets	417,478,969	387,428,465	30,050,504	7.8%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	9,404,396	9,517,511	(113,115)	-1.2%
LIABILITIES				
Accounts payable	799,978	666,403	133,575	20.0%
Contracts and retainage payable	4,065,610	2,856,380	1,209,230	42.3%
Advances from landowners	-	2,282,335	(2,282,335)	n/a
Accrued bond interest payable	1,114,199	1,272,619	(158,420)	-12.4%
Unearned revenue	60,681	56,005	4,676	8.3%
Long-term obligations:				
Due within one year:	7,509,001	8,816,094	(1,307,093)	-14.8%
Due in more than one year:	182,421,219	164,878,568	17,542,651	10.6%
Total liabilities	195,970,688	180,828,404	15,142,284	8.4%
NET POSITION				
Net investment in capital assets	61,631,794	64,958,940	(3,327,146)	-5.1%
Restricted for debt service	149,134,318	133,572,191	15,562,127	11.7%
Unrestricted	20,146,565	17,586,441	2,560,124	14.6%
Total net position	\$ 230,912,677	\$ 216,117,572	\$ 14,795,105	6.8%

Changes in Net Position

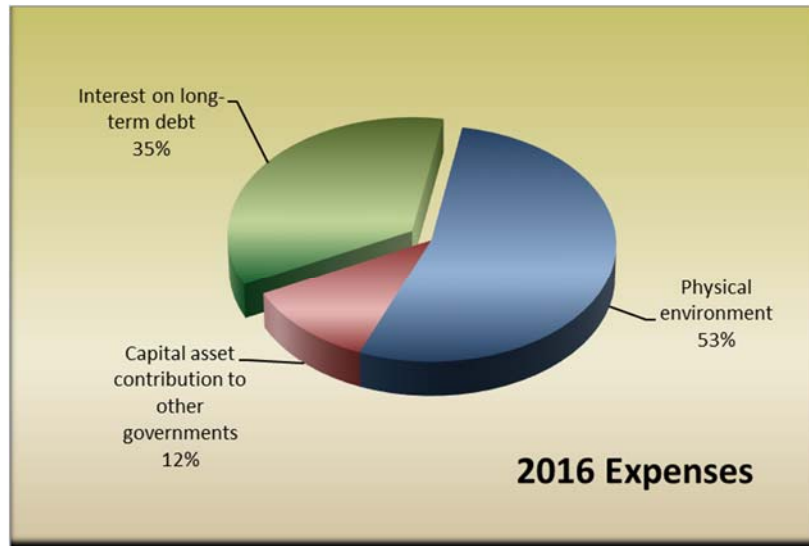
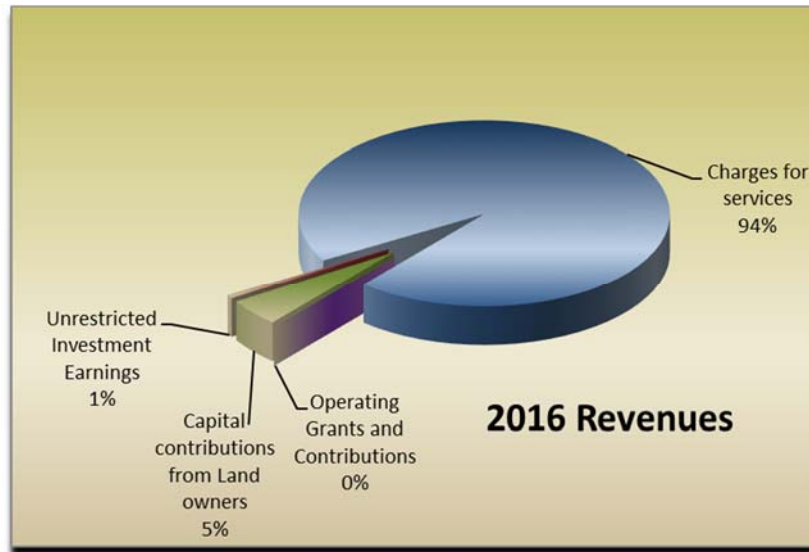
The following table highlights the changes in net position for the years ended September 30, 2016 and September 30, 2015:

	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues:				
Program revenues				
Charges for services	\$ 40,711,248	\$ 70,939,506	\$(30,228,258)	-43%
Capital contributions from Land Owners	2,045,673	760,589	1,285,084	169%
Operating Grants and Contributions	2,477	2,034	443	22%
General revenues				
Investment earnings	279,048	328,680	(49,632)	-15%
Gain on sale of capital assets	21,556	13,083	8,473	65%
Total revenues	43,060,002	72,043,892	(28,983,890)	-40%
Program expenses:				
Physical environment	15,076,077	14,755,798	320,279	2%
Interest on long-term debt	9,949,110	9,840,281	108,829	1%
Capital asset contribution to other governments	3,239,710	350,003	2,889,707	826%
Total expenses	28,264,897	24,946,082	3,318,815	13%
Change in net position	14,795,105	47,097,810	(32,302,705)	-69%
Net position, beginning of year	216,117,572	169,019,762	47,097,810	28%
Net position, end of year	\$ 230,912,677	\$ 216,117,572	\$ 14,795,105	7%

The District's total revenues (including general revenues) decreased by approximately \$28,984,000 or 40% from 2015 to 2016. The main component of the decrease was in charges for services, primarily due to less new debt issued to fund the costs of improvements associated with new Unit of Developments in 2016 as compared to 2015. Such new debt totaled \$24,785,000 for Unit 53 (Arden) in 2016, whereas the prior year's issuance of new debt totaled \$59,380,000 for Unit 2C (Alton). This assessment revenue is not deferred in the government-wide financial statements. Instead, it is recognized as revenue at the time the assessments are levied. Capital contributions from Land Owners increased by approximately \$1,285,000 primarily because of funding received to finance the construction of certain improvements within Unit 2C (Alton) pursuant to funding agreements with the landowner.

Total expenses increased by approximately \$3,319,000 or 13% from 2015 to 2016 primarily because of the increase in capital asset contributions to other entities in Unit 2C (Alton). These capital assets included the conveyance of water and sewer mains to Seacoast Utility, and roadway and drainage improvements to the Town of Jupiter for ownership, operation and maintenance.

The following graphs present the revenues and expenses for the fiscal year:



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, Northern Palm Beach County Improvement District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as control and manage resources for specific purposes. The following is a discussion of the major funds of the District for fiscal year ended September 30, 2016 compared to the fiscal year ended September 30, 2015.

The general fund is the primary fund for tracking administrative and operation costs associated with the daily management of the District. Unassigned fund balance in the general fund was approximately \$707,000 at September 30, 2016. This was an increase of approximately \$14,000 from the prior year mainly due to actual expenses less than budgeted in legal and engineering expenses, general insurance, and fuel costs.

The debt service fund for Unit of Development No. 2C had an approximate \$2,876,000 decrease in fund balance because debt service interest payments during the year were funded through the capitalized interest fund that had been established with the issuance of the bonds. The District's first Drainage Tax levy for the Unit 2C bonds will be in fiscal year 2017 to fund debt service payable August 1, 2017 and February 1, 2018. The debt service fund for Unit of Development No. 9A had an approximate \$59,000 decrease in fund balance due to planned use of excess fund balance to offset assessment revenue. The debt service fund for Unit of Development 9B no longer qualified as a major fund in fiscal year 2016 and has been moved to be included with the District's other Nonmajor Governmental Funds. The debt service fund for Unit of Development No. 53 became a major fund during the fiscal year ended September 30, 2016 as a result of the issuance of its \$24,785,000 Water Control and Improvement Bonds, Unit of Development No. 53, Series 2015, in order to finance costs associated with the Unit 53 (Arden) Plan of Improvement. The debt service fund for Unit of Development No. 53 had an approximate \$2,394,000 fund balance at year end as a result of the bond proceeds less the current year interest paid from the fund. The capital projects fund for Unit of Development No. 2C had an approximate \$16,023,000 decrease in fund balance due to capital outlay related to the construction of Unit 2C's Plan of Improvements. As a result of the Unit 53 bonds issued in December 2015, the capital projects fund for Unit of Development No. 53 became a major fund in the current year as its total expenditures exceeded 10% of total governmental funds. The fund balance of the capital projects fund for Unit of Development No. 53 increased by approximately \$8,457,000 as a result of the bond proceeds less current year expenditures.

BUDGETARY HIGHLIGHTS

The District adopted the fiscal year 2015/2016 budget on August 26, 2015. There were no budget amendments made to the budget. Total expenditures budgeted in the general fund for the fiscal year ended September 30, 2016 were approximately \$3,278,000, with planned funding entirely through operating transfers from other funds.

As presented in the Budgetary Comparison Schedule, total revenue budgeted for the general fund was approximately \$3,278,000 solely from transfers in. "Transfers in" reimburse the general fund for expenditures incurred within the general fund. Actual revenue was approximately \$145,000 less than budgeted revenue due to savings in the general fund expenditures which required less funds transferred in from other funds.

Total budgeted expenditures in the general fund were approximately \$3,278,000. Actual expenditures were approximately \$209,000 less than budgeted due to actual expenditures less than budgeted in legal and engineering expenditures, general insurance, and fuel costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the beginning of the fiscal year ended September 30, 2016, the District had \$134,954,355, net of accumulated depreciation, invested in a broad range of capital assets, including land, surface water management systems, roadway improvements, etc. A net increase of \$23,244,966 increased the total to \$158,199,321, net of accumulated depreciation, by the end of the fiscal year. The components of the change in capital assets included \$32,709,306 of construction completed or new machinery added during this fiscal year and \$3,239,710 of capital assets disposed of. Depreciation expense was \$6,224,630.

The more significant changes to capital assets included the following:

- Unit of Development No. 2C- Landscape and irrigation, Donald Ross Road Improvements, Pasteur Boulevard, Town Center Access Road, Neighborhood 1 Phase 1, and Phase 2 Improvements totaling approximately \$17,871,000.

- Unit of Development No 5A-Sidewalk connectivity project totaling approximately \$110,000.
- Unit of Development No 16- Corporate Road improvements, and Distribution Way improvements totaling approximately \$150,000.
- Unit of Development No 18- Road rehabilitation project totaling approximately \$452,000.
- Unit of Development No. 25- Design of water and sewer improvements totaling approximately \$84,500.
- Unit of Development No 31- Irrigation system upgrade project totaling approximately \$922,000.
- Unit of Development No. 34- Culvert repairs totaling approximately \$30,000.
- Unit of Development No. 53- Plan of improvement development totaling approximately \$12,238,000.
- Unit of Development Nos 2C, 4, 9A, 9B, 11, 14, 15, and 31- Aerators and diffusers totaling approximately \$482,000.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the fiscal year ended September 30, 2016 and September 30, 2015:

	2016	2015
Land	\$ 20,145,321	\$ 20,145,321
Lakes and canal improvements	11,068,124	11,068,124
Preserve improvements	8,985,296	8,985,296
Construction in progress	37,545,527	13,528,935
Buildings and improvements	3,136,408	3,465,473
Parks and facilities	3,612,406	4,093,154
Machinery and equipment	1,233,105	972,657
Roadway improvements	24,207,855	23,187,092
Storm water pump stations	4,272,448	5,086,991
Surface water management system	34,136,997	35,085,733
Water control structures	7,983,988	8,223,235
Water, sewer and irrigation facilities	1,871,846	1,112,344
Total Capital Assets	<u>\$ 158,199,321</u>	<u>\$ 134,954,355</u>

Additional information on the District's capital assets can be found in Note 3 on page 34 of this report.

Debt

The District's total outstanding debt in bonds and notes outstanding, net of bond premiums and discount, was \$189,484,136 and \$173,240,686 for the fiscal years ended September 30, 2016, and 2015, respectively.

Additional information on the District's long-term debt can be found in Note 4 on pages 35-40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following highlights for Special Revenue Funds were considered in creating the 2016/2017 budget:

- Unit of Development No. 1- Canal maintenance and washout repairs.
- Unit of Development No. 3- Canal maintenance and washout repairs.
- Unit of Development No. 3A- Canal maintenance and washout repairs.
- Unit of Development No. 4- Installation of three new aerators.
- Unit of Development No. 5A- Road and sidewalk repairs, culvert cleaning and repairs, catch basin cleaning and inspections.
- Unit of Development No. 5C- Modification of water control structure.
- Unit of Development No. 9A and 9B- Installation of four new aerators, road and sidewalk repairs, as well as repair and replacement of signs, fences and structures in greenways.
- Unit of Development No. 11- Roadway and sidewalk repair and maintenance, pump station repairs, catch basin cleaning and inspections, road repairs, slip line culvert under Dunbar, and installation of five diffusers and two new aerators.
- Unit of Development No. 14- Installation of eight aerators, cleaning and dredging of west perimeter canal.
- Unit of Development No. 15- Canal maintenance and washout repairs and installation of four new aerators.
- Unit of Development No. 16- Canal maintenance and washout repairs, wire rehabilitation, culvert cleaning and repairs, road and sidewalk repairs, as well as internal road overlay/repairs.
- Unit of Development No. 18- Mill and road overlay (final phase), pump station building repair, lake system improvements, catch basin repairs, and installation of one new aerator.
- Unit of Development No. 19- Canal maintenance, and installation of three new aerators.
- Unit of Development No. 19A- Irrigation system repairs.
- Unit of Development No. 31- Engineering guard house design, guard house renovation, road and sidewalk repairs, catch basin cleaning and inspections, culvert cleaning and repairs, and installation of four new aerators.
- Unit of Development No. 43- Servicing pumps and generator at pump stations, canal maintenance and washout repairs.
- Unit of Development No. 45- Road and sidewalk repairs. .
- Unit of Development No. 47- Catch basin cleaning and inspections.
- Unit of Development -Operations- Vehicle replacements, and new lift truck.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate 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 Executive Director, O'Neal Bardin, Jr., 359 Hiatt Drive, Palm Beach Gardens, Florida 33418.

BASIC FINANCIAL STATEMENTS

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

Assets

Cash and cash equivalents	\$ 42,750,229
Investments	25,669,905
Receivables	190,512,276
Prepaid items	347,238
Capital assets not being depreciated	77,744,268
Capital assets being depreciated, net	<u>80,455,053</u>

Total Assets	<u>417,478,969</u>
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Deferred Outflows of Resources

Deferred amount on refunding	<u>9,404,396</u>
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Total Assets and Deferred Outflows of Resources	<u>426,883,365</u>
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Liabilities

Accounts payable	799,978
Contracts and retainage payable	4,065,610
Accrued bond interest payable	1,114,199
Unearned revenue	60,681
Long-term obligations:	
Due within one year	7,509,001
Due in more than one year	<u>182,421,219</u>

Total Liabilities	<u>195,970,688</u>
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Net Position

Net investment in capital assets	61,631,794
Restricted for debt service	149,134,318
Unrestricted	<u>20,146,565</u>

Total Net Position	<u><u>\$ 230,912,677</u></u>
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See notes to basic financial statements.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Contributions from Land Owners	
Governmental Activities					
Physical environment	\$ 15,076,077	\$ 40,711,248	\$ 2,477	\$ 2,045,673	\$ 27,683,321
Interest on long-term obligations	<u>9,949,110</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(9,949,110)</u>
Total Governmental Activities	<u>\$ 25,025,187</u>	<u>\$ 40,711,248</u>	<u>\$ 2,477</u>	<u>\$ 2,045,673</u>	<u>17,734,211</u>
General Revenues					
					279,048
					21,556
					<u>(3,239,710)</u>
					<u>(2,939,106)</u>
Change in Net Position					14,795,105
Net Position - Beginning of Year					<u>216,117,572</u>
Net Position - End of Year					<u>\$ 230,912,677</u>

See notes to basic financial statements.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	Major Funds							
	General	Debt Service 2C	Debt Service 9A	Debt Service 53	Capital Projects 2C	Capital Projects 53	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 778,731	\$ 632,096	\$ 1,012,845	\$ 2,394,075	\$ 850,315	\$ 10,405,433	\$ 26,676,734	\$ 42,750,229
Investments	--	4,711,011	--	--	19,453,310	--	1,505,584	25,669,905
Receivables:								
Assessments	175,743	59,380,000	26,251,035	24,785,000	--	--	79,200,451	189,792,229
Interest	--	27,257	--	--	226,450	--	1,238	254,945
Accounts	27,197	--	15,613	--	287,402	--	134,890	465,102
Prepaid items	49,223	--	--	--	--	--	20,468	69,691
Total Assets	<u>\$ 1,030,894</u>	<u>\$ 64,750,364</u>	<u>\$ 27,279,493</u>	<u>\$ 27,179,075</u>	<u>\$ 20,817,477</u>	<u>\$ 10,405,433</u>	<u>\$ 107,539,365</u>	<u>\$ 259,002,101</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ 99,102	\$ --	\$ --	\$ --	\$ 19,663	\$ 2,164	\$ 679,049	\$ 799,978
Contracts and retainage payable	--	--	--	--	1,819,155	2,021,445	225,010	4,065,610
Unearned revenue	--	--	--	--	8,702	2,475	49,504	60,681
Total Liabilities	<u>99,102</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,847,520</u>	<u>2,026,084</u>	<u>953,563</u>	<u>4,926,269</u>
Deferred Inflows of Resources								
Unavailable revenue - special assessments	175,743	59,380,000	26,251,035	24,785,000	--	--	79,200,451	189,792,229
Total Liabilities and Deferred Inflows of Resources	<u>274,845</u>	<u>59,380,000</u>	<u>26,251,035</u>	<u>24,785,000</u>	<u>1,847,520</u>	<u>2,026,084</u>	<u>80,154,014</u>	<u>194,718,498</u>
Fund Balances								
Non-spendable	49,223	--	--	--	--	--	20,468	69,691
Restricted	--	5,370,364	1,028,458	2,394,075	18,969,957	8,379,349	7,826,298	43,968,501
Committed	--	--	--	--	--	--	19,538,585	19,538,585
Unassigned	706,826	--	--	--	--	--	--	706,826
Total Fund Balances	<u>756,049</u>	<u>5,370,364</u>	<u>1,028,458</u>	<u>2,394,075</u>	<u>18,969,957</u>	<u>8,379,349</u>	<u>27,385,351</u>	<u>64,283,603</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,030,894</u>	<u>\$ 64,750,364</u>	<u>\$ 27,279,493</u>	<u>\$ 27,179,075</u>	<u>\$ 20,817,477</u>	<u>\$ 10,405,433</u>	<u>\$ 107,539,365</u>	<u>\$ 259,002,101</u>

See notes to basic financial statements.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

Total Governmental Fund Balances (Page 17) **\$ 64,283,603**

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

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

Cost of assets	\$ 243,055,336	
Accumulated depreciation	<u>(84,856,015)</u>	158,199,321

The focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (assessments receivable) are offset by deferred inflows in the governmental funds and thus are not included in fund balance.

Adjustment of deferred inflows - unavailable revenue	189,792,229
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Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The amount borrowed is received in the governmental funds and increases fund balance, whereas the amount escrowed for payment of the old debt reduces fund balance. The difference between those amounts as well as the bond insurance costs will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt. Balances at year-end consist of:

Bonds and notes payable	(189,484,136)	
Less unamortized deferred amount on refunding	9,404,396	
Less unamortized bond costs (insurance)	277,547	
Accrued interest payable on long-term obligations	(1,114,199)	
Compensated absences	<u>(446,084)</u>	<u>(181,362,476)</u>

Total Net Position (Page 16) **\$ 230,912,677**

See notes to basic financial statements.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Major Funds							Total
	General	Debt Service 2C	Debt Service 9A	Debt Service 53	Capital Projects 2C	Capital Projects 53	Nonmajor Governmental Funds	Governmental Funds
Revenues								
Non-ad valorem assessments	\$ 141	\$ --	\$ 2,778,535	\$ --	\$ --	\$ --	\$ 21,245,296	\$ 24,023,972
Intergovernmental revenues	--	--	--	--	--	--	2,477	2,477
Capital contributions from landowners	--	--	--	--	1,863,089	--	182,584	2,045,673
Investment income	1,164	40,709	5,204	3,436	121,098	19,222	88,215	279,048
Miscellaneous	32,245	--	--	--	27,300	12,205	75,854	147,604
Total Revenues	<u>33,550</u>	<u>40,709</u>	<u>2,783,739</u>	<u>3,436</u>	<u>2,011,487</u>	<u>31,427</u>	<u>21,594,426</u>	<u>26,498,774</u>
Expenditures								
Current:								
Physical environment	2,972,138	--	--	--	--	--	5,579,542	8,551,680
Capital outlay	76,846	--	--	--	17,953,730	12,238,144	2,440,586	32,709,306
Debt service:								
Principal	15,279	--	1,994,786	--	--	--	5,868,527	7,878,592
Interest	4,833	2,916,800	836,076	823,998	--	--	3,769,134	8,350,841
Debt issuance costs	--	--	--	--	--	570,366	359,770	930,136
Payment to escrow agent	--	--	--	--	--	--	2,269,877	2,269,877
Other	--	--	11,957	--	--	--	33,748	45,705
Total Expenditures	<u>3,069,096</u>	<u>2,916,800</u>	<u>2,842,819</u>	<u>823,998</u>	<u>17,953,730</u>	<u>12,808,510</u>	<u>20,321,184</u>	<u>60,736,137</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,035,546)</u>	<u>(2,876,091)</u>	<u>(59,080)</u>	<u>(820,562)</u>	<u>(15,942,243)</u>	<u>(12,777,083)</u>	<u>1,273,242</u>	<u>(34,237,363)</u>
Other Financing Sources (Uses)								
Transfers in	3,078,107	--	--	4,381	--	--	132,508	3,214,996
Transfers out	--	--	--	--	(80,312)	(32,977)	(3,101,707)	(3,214,996)
Proceeds from sale of capital assets	21,556	--	--	--	--	--	--	21,556
Repayment to landowners	--	--	--	--	--	(307,659)	--	(307,659)
Refunding debt issued	--	--	--	--	--	--	17,643,263	17,643,263
Discount on refunding bonds issued	--	--	--	--	--	--	(258,012)	(258,012)
Special assessment bond proceeds	--	--	--	3,210,256	--	21,574,744	--	24,785,000
Payment to refunded bonds escrow agent	--	--	--	--	--	--	(16,426,317)	(16,426,317)
Total Other Financing Sources (Uses)	<u>3,099,663</u>	<u>--</u>	<u>--</u>	<u>3,214,637</u>	<u>(80,312)</u>	<u>21,234,108</u>	<u>(2,010,265)</u>	<u>25,457,831</u>
Net Change in Fund Balances	64,117	(2,876,091)	(59,080)	2,394,075	(16,022,555)	8,457,025	(737,023)	(8,779,532)
Fund Balances - Beginning of Year	<u>691,932</u>	<u>8,246,455</u>	<u>1,087,538</u>	<u>--</u>	<u>34,992,512</u>	<u>(77,676)</u>	<u>28,122,374</u>	<u>73,063,135</u>
Fund Balances - End of Year	<u>\$ 756,049</u>	<u>\$ 5,370,364</u>	<u>\$ 1,028,458</u>	<u>\$ 2,394,075</u>	<u>\$ 18,969,957</u>	<u>\$ 8,379,349</u>	<u>\$ 27,385,351</u>	<u>\$ 64,283,603</u>

See notes to basic financial statements.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Net Change in Fund Balances - Total Governmental Funds (Page 19) **\$ (8,779,532)**

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

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

Expenditures for capital outlay	\$ 32,709,306	
Less current year depreciation expense	<u>(6,224,630)</u>	26,484,676

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Capital asset contributions to other governments	(3,239,710)	
Proceeds from the sale of capital assets	(21,556)	
Gain on sale of capital assets	<u>21,556</u>	(3,239,710)

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 is recognized as revenue upon adoption of the resolutions authorizing the debt.

16,539,672

Some revenues, expenses, gains and losses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources:

Current year compensated absences	(446,084)	
Prior year compensated absences	<u>453,976</u>	7,892

Interest expense in the statement of activities differs from the amount reported in governmental funds for two reasons. The net effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual), and adjustments arising from bond insurance are amortized:

Net effect of accrued interest on long-term obligations	158,420	
Net amortization of bond discount and premium	38,209	
Amortization of bond insurance costs	<u>(819,057)</u>	(622,428)

Bond and note proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position.

Refunding special assessment bonds	(17,643,263)	
Discount on refunded debt	258,012	
Special assessment bond proceeds	<u>(24,785,000)</u>	(42,170,251)
Payment to refunded bond escrow agent	18,696,194	
Principal payments on long-term debt	<u>7,878,592</u>	26,574,786

Change in Net Position of Governmental Activities (Page 16) **\$ 14,795,105**

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northern Palm Beach County Improvement District (the District) was created pursuant to Chapter 59-994, Florida Statutes and codified pursuant to Chapter 2000-467, Laws of Florida, and supplemented by Chapters 2004-467, 2005-302, 2006-330, and 2010-243, Laws of Florida, for the purpose of reclaiming the lands within its boundaries for water control and water supply purposes, and to protect the land from the effects of water by means of the construction and maintenance of canals, ditches, levees, dikes, pumping plants, and other works and improvements. The District is also authorized to construct and operate water and sewer facilities, roads, parks and parkways. The District is located in the northeastern section of Palm Beach County and encompasses approximately 128 square miles of land.

The governing body of the District is the Board of Supervisors "the Board" which is comprised of five elected members. The Board is responsible for legislative and fiscal control of the District.

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

A. FINANCIAL REPORTING ENTITY

The financial statements were prepared in accordance with GASB Statements related to *The Financial Reporting Entity*, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the District, organizations for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District, or the District has operational responsibility on the organization. Based upon the application of these criteria, there were no organizations that met the criteria described above.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the extent to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial 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 related cash flows. Non-ad valorem assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 sixty 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 for compensated absences, are recorded only when payment is due.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Non-ad valorem assessments and interest on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District. Revenues for expenditure driven grants are recognized when the related expenditures are incurred.

The District reports the following major governmental funds:

The *General Fund* is the primary operating fund and is used to account for all financial resources applicable to the general operations of the District except those required to be accounted for in another fund.

The *Unit 2C Debt Service Fund*, is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for Unit of Development 2C.

The *Unit 9A Debt Service Fund*, is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for Unit of Development 9A.

The *Unit 53 Debt Service Fund*, is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for Unit of Development 53.

The *Unit 2C Capital Projects Fund*, is used to account for the construction and acquisition of capital assets, such as buildings, water control structures, surface water management system, equipment, roads and roadway improvements for Unit of Development 2C.

The *Unit 53 Capital Projects Fund*, is used to account for the construction and acquisition of capital assets, such as buildings, water control structures, surface water management system, equipment, roads and roadway improvements for Unit of Development 53.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Additionally, the District reports the following non-major fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Cash and investments of each fund, except for certain investments governed by bond resolutions or other contractual agreements, are accounted for in pooled cash and investment accounts with each fund maintaining its proportionate equity in the pooled accounts. The use of a pooled cash and investment account enables the District to invest idle cash for short periods of time, thereby maximizing earnings potential. Income earned from this pooling of investments is allocated to the respective funds based upon average monthly proportionate balances.

The District can invest in interest-bearing checking or savings accounts, interest-bearing time deposits, the Local Government Surplus Funds Trust Fund, Securities and Exchange Commission registered money market funds, direct obligations of the U.S. Treasury, Federal Agencies and Government Sponsored Enterprises, commercial paper, securities of investment companies limited to obligations of the U.S. Government, repurchase agreements collateralized by U.S. Treasury Securities, and other investments authorized by law for districts or by resolution of the District. All investments are reported at fair value.

The District considers cash on hand, demand deposits, money market funds and all other short-term investments that are highly liquid to be cash and cash equivalents.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

2. Accounts Receivable

Accounts receivable include refunds and net reimbursements due to the District. Management believes the amounts are fully collectible.

3. Assessments Receivable/Unavailable Revenue

Assessments receivable recorded in the Debt Service and Special Revenue Funds represent the balance of outstanding assessments levied by the District to repay outstanding debt. 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.

The District reports unavailable revenue as a deferred inflow of resources in the fund financial statements in an amount equal to the assessments receivable since this revenue will be collected in future years. This assessment revenue is not deferred in the government-wide financial statements. Instead, it is recognized as revenue at the time the assessments are levied.

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2016, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is classified as non-spendable, as this amount is not available for general appropriation.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and intangible assets are reported in the government-wide financial statements. When purchased, acquired or constructed, capital assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net position.

Capital assets are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. 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 cost.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

5. Capital Assets and Depreciation (continued)

The District uses a capitalization threshold of \$1,000 for tangible assets as well as certain intangible assets, such as computer software. Other intangible assets, such as easements, have a capitalization threshold of \$50,000.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable capital assets are as follows:

Water control structures	50 years
Surface water management system	50 years
Roadway improvements	20 years
Buildings and improvements	20 years
Parks and facilities	20 years
Storm water pump station	15 years
Water, sewer and irrigation facilities	15 years
Entrance gates and other improvements	10-20 years
Machinery and equipment	5-10 years

6. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item,

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

6. *Deferred Outflows/Inflows of Resources (continued)*

unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the balance of outstanding assessments levied by the District to repay outstanding debt. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. *Unearned Revenue*

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On both the government fund statements and the government-wide statements, unearned revenues represent the corresponding liability for cash advances received to fund future expected expenditures related to permit and plat petitions.

8. *Compensated Absences*

The District's employees are granted compensated absence pay for vacation leave based on length of service to a maximum of 308 hours. Employees must use 75% of the annual vacation accrual or forfeit the unused portion. Vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the District will compensate the employees upon termination or retirement. Employees who began working before July 1, 2005 are eligible for paid sick leave, up to a maximum of 420 hours. Employees who began working after July 1, 2005 are not paid for accrued sick leave. The District uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are eligible to receive termination payments upon separation.

Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. For the governmental funds, compensated absences are liquidated by the general fund.

9. *Long-Term Debt*

Bonds payable are reported as liabilities in the government-wide statement of net position. These liabilities are not reported in the fund financial statements as they are not considered to be current liabilities.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

9. Long-Term Debt (continued)

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds are reported net of the applicable bond premium or discount. Bond issuance costs, other than prepaid insurance, are expensed at issuance. Prepaid insurance associated with the issuance of debt is reported as an asset and amortized over the term of the related debt. Deferred amounts on refunding are reported as deferred inflows or outflows of resources on the statement of net position. These deferred amounts are amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt).

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

10. Net Position

Equity in the government-wide statement of net position is displayed in three categories: 1) net investment in capital assets, 2) restricted for debt service, and 3) unrestricted. Net investment in capital assets consist of capital assets reduced by accumulated depreciation, and by any outstanding debt and deferred inflows and outflows of resources incurred to acquire, construct, or improve those assets. 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. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

11. Fund Balances

Classifications of fund balance are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of non-spendable, restricted, committed, assigned or unassigned.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

11. Fund Balances (continued)

The District reports the following classifications in accordance with its officially adopted policy on fund balance:

Non-spendable fund balance. Non-spendable fund balances are amounts that are (a) not in spendable form, such as inventory, prepaids or capital assets, or (b) legally or contractually required to be maintained intact.

Restricted fund balance. Restricted fund balances are amounts that can be spent only from specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. Committed fund balance can only be used for the specific purposes determined by a formal action (Board approval or Resolution having equal authority) of the Board, the District's highest level of decision making authority. Commitments may be changed or lifted only by the Board taking the same formal action (Board approval or Resolution) that imposed the constraint originally.

Assigned fund balance. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by management of the District to which the Board has delegated the authority by formal policy to assign, modify, or rescind amounts to be used for specific purposes. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the General Fund or governmental funds that are intended to be used for a specific purpose. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned fund balance. Unassigned fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

12. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

14. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenditures during the period reported. These estimates include assessing the collectability of receivables and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

E. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

GASB Statement No. 72, Fair Value Measurement and Application

This Statement addresses accounting and financial reporting issues related to fair value measurements of assets and liabilities. The Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of GASB 72 results in increased disclosures related to the fair value measurement of investments.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The District's deposits at year end are insured or collateralized.

INVESTMENTS

The District has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves.

Interest Rate Risk

As of September 30, 2016, the District had the following investments subject to interest rate risk:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
U.S. Government securities	\$ 2,409,819	1.41 years
U.S. Treasury obligations	\$ 2,331,971	0.91 years
State and Local Government Securities	\$ 20,928,115	0.91 years

The District will attempt to minimize the risk that the market value of securities in the portfolio will fail due to changes in interest rates by:

- A. Structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- B. Investing operating funds primarily in short-term securities, money market funds, or similar investment pools unless it is anticipated that long-term securities can be held until maturity without jeopardizing the liquidity requirements.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Credit Risk

State law and the District's investment policy limits investments in bonds, U.S. treasuries and agency obligations, or other evidences of indebtedness to the top ratings issued by nationally recognized statistical rating organizations (NRSRO) of the United States. As of the fiscal year end, the credit quality ratings of debt securities were as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. government agencies:			
Federal Farm Credit Banks	\$ 905,549	AA+	S&P
Federal Home Loan Mortgage Corporation	\$ 1,003,660	AA+	S&P
Federal National Mortgage Association	\$ 500,610	AA+	S&P
State and Local Government Securities	\$ 20,928,115	Aa3 to Aaa	Moody's

The risk of loss due to failure of the security issuer or backer will be minimized by:

- A. Limiting investments to the safest types of securities, based on portfolio composition.
- B. Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the District will do business.
- C. Diversifying the investment portfolio so that potential losses on individual securities will not place an undue financial burden on the District.
- D. Monitoring all of the District's investments to anticipate and respond appropriately to changing market conditions. (Daily by the District's Investment Advisor, monthly by the District's finance director and quarterly by the Board.)
- E. Investments in Money Market Fund, Federal Farm Credit Bank, and Commercial Paper are rated with a nationally recognized rating agency Aaa, Aaa, and A-1+ respectively.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 – Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 – Investments' fair values based upon unobservable inputs.

The following is a description of the fair value techniques for the District's investments. Level 1 and 2 prices are obtained from various pricing sources by the District's custodian bank:

Short-term investments, which consist of money market funds, are reported at amortized cost.

Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity based on a combination of matrix pricing, actual observable trades in similar securities, and yield curve analysis (Level 2). This includes U.S. Treasury bonds and notes, U.S. federal agencies, mortgage backed and collateralized securities and state and local government securities.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 20,145,321	\$ --	\$ --	\$ --	\$ 20,145,321
Lakes and canal improvements	11,068,124	--	--	--	11,068,124
Preserve improvements	8,985,296	--	--	--	8,985,296
Construction in progress	<u>13,528,935</u>	<u>30,794,683</u>	<u>--</u>	<u>(6,778,091)</u>	<u>37,545,527</u>
Total Capital Assets Not Being Depreciated	<u>53,727,676</u>	<u>30,794,683</u>	<u>--</u>	<u>(6,778,091)</u>	<u>77,744,268</u>
Capital Assets Being Depreciated					
Buildings and improvements	6,581,298	--	--	--	6,581,298
Parks and facilities	9,614,967	--	--	--	9,614,967
Machinery and equipment	8,551,975	655,608	65,223	--	9,142,360
Roadway improvements	59,579,677	328,735	1,897,622	5,396,481	63,407,271
Storm water pump stations	13,644,918	7,923	--	--	13,652,841
Surface water management system	47,448,258	--	--	232	47,448,490
Water control structures	11,897,512	--	--	--	11,897,512
Water, sewer and irrigation facilities	<u>2,643,969</u>	<u>922,357</u>	<u>1,381,375</u>	<u>1,381,378</u>	<u>3,566,329</u>
Total Capital Assets Being Depreciated	<u>159,962,574</u>	<u>1,914,623</u>	<u>3,344,220</u>	<u>6,778,091</u>	<u>165,311,068</u>
Less Accumulated Depreciation For					
Buildings and improvements	(3,115,825)	(329,065)	--	--	(3,444,890)
Parks and facilities	(5,521,813)	(480,748)	--	--	(6,002,561)
Machinery and equipment	(7,579,318)	(395,160)	65,223	--	(7,909,255)
Roadway improvements	(36,392,585)	(2,830,551)	23,720	--	(39,199,416)
Storm water pump stations	(8,557,927)	(822,466)	--	--	(9,380,393)
Surface water management system	(12,362,525)	(948,968)	--	--	(13,311,493)
Water control structures	(3,674,277)	(239,247)	--	--	(3,913,524)
Water, sewer and irrigation facilities	<u>(1,531,625)</u>	<u>(178,425)</u>	<u>15,567</u>	<u>--</u>	<u>(1,694,483)</u>
Total Accumulated Depreciation	<u>(78,735,895)</u>	<u>(6,224,630)</u>	<u>104,510</u>	<u>--</u>	<u>(84,856,015)</u>
Total Capital Assets Being Depreciated, Net	<u>81,226,679</u>	<u>(4,310,007)</u>	<u>3,239,710</u>	<u>6,778,091</u>	<u>80,455,053</u>
Governmental Activities Capital Assets, Net	<u>\$ 134,954,355</u>	<u>\$ 26,484,676</u>	<u>\$ 3,239,710</u>	<u>\$ --</u>	<u>\$ 158,199,321</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

Physical environment \$6,224,630

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES

Long-term obligations are comprised of limited obligation bonds (special assessment debt), notes payable and compensated absences. Debt was issued primarily to provide funds to finance the cost of projects to construct or maintain improvements within the District. The limited obligation bonds and notes payable bear interest at rates ranging from 2% to 6.51% and mature in future years through 2046, and are collateralized by pledged future drainage and maintenance assessments (non-ad valorem assessments). The total principal and interest remaining on the debt is \$308,285,234 payable through August 1, 2046, and is 100% funded by the non-ad valorem assessments. For the current year, principal and interest paid and total non-ad valorem assessments were \$16,229,433 and \$24,023,972, respectively.

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT

Special assessment debt with governmental commitment is not backed by the full faith and credit of the District but is payable solely from and secured solely by a lien on and pledge of drainage taxes (non-ad valorem assessments) of the properties benefited by the improvements.

Outstanding balances at September 30, 2016, are as follows:

\$4,835,000 Series 2013 Water Control and Improvement Refunding Bonds, Unit 2A, due in annual installments of \$180,000 to \$365,000 from August 1, 2017, through August 1, 2033, with interest from 3.00% to 5.25% payable semi-annually on February 1 and August 1 of each year.	\$ 4,325,000
\$59,380,000 Series 2014 Water Control and Improvement Bonds, Unit 2C, comprised of term bonds subject to mandatory redemptions due in annual installments totaling \$920,000 to \$3,725,000 from August 1, 2017, to August 1, 2046, with interest from 3.75% to 5.20% payable semiannually on February 1 and August 1 of each year.	59,380,000
\$3,670,000 Water Control and Improvement Refunding Bonds, Unit 3A, Taxable Series 2004B, due on August 1, 2027, subject to mandatory redemptions of \$235,000 to \$400,000 from August 1, 2017 through August 1, 2027 with interest of 5.375% payable semi-annually on February 1 and August 1 of each year.	<u>3,415,000</u>
Subtotal (Forward)	<u>\$ 67,120,000</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (CONTINUED)

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT (CONTINUED)

Subtotal (Forward)	\$ 67,120,000
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\$3,473,198 Series 2015 Water Control and Improvement Refunding Bonds, Unit 5B, due in annual installments of \$322,351 to \$384,553 from August 1, 2017 to August 1, 2025, with interest at 2.23% payable semi-annually on February 1 and August 1 of each year.	3,173,873
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\$1,079,665 2016 Promissory Note, Unit 5D, due in annual installments of \$350,865 to \$368,987 from August 1, 2017 to August 1, 2019, with interest at 2.55% payable semi-annually on February 1 and August 1 of each year.	1,079,665
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\$32,064,999 2013 Promissory Note, Unit 9A, due in annual installments of \$2,053,832 to \$2,749,478 from August 1, 2017, through August 1, 2027, with an interest rate of 2.96%, payable semi-annually on February 1 and August 1 of each year.	26,251,035
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\$14,460,000 Series 2015 Water Control and Improvement Refunding Bonds, Unit 9B, due in annual installments of \$845,000 to \$1,285,000 from August 1, 2017 to August 1, 2029, with interest from 2.00% to 5.00%, payable semi-annually on February 1 and August 1 of each year.	13,635,000
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\$7,700,000 Series 2012 Water Control and Improvement Refunding Bonds, Unit 16, comprised of \$3,605,000 5.125% Term Bonds due August 1, 2022 and \$3,830,000 5.750% Term Bonds due August 1, 2032. The 2022 Term Bonds are subject to mandatory redemptions of \$375,000 to \$490,000 from August 1, 2017 to August 1, 2022, and the 2032 Term Bonds are subject to mandatory redemptions of \$280,000 to \$550,000 from August 1, 2023, to August 1, 2032.	<u>6,415,000</u>
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Subtotal (Forward)	<u>\$ 117,674,573</u>
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NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (CONTINUED)

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT (CONTINUED)

Subtotal (Forward)	\$ 117,674,573
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\$3,259,735 Series 2007 Water Control and Improvement Refunding Bonds, Unit 19, due in annual installments of \$254,121 to \$306,356 from August 1, 2017, to August 1, 2021, with an interest rate of 4.55% payable semi-annually on February 1 and August 1 of each year.	1,401,323
--	-----------

\$3,745,000 Series 2012 Water Control and Improvement Refunding Bonds, Unit 27B, due in annual installments of \$145,000 to \$275,000 from August 1, 2017, to August 1, 2032, with interest from 3.25% to 4.75% payable semi-annually on February 1 and August 1 of each year.	3,215,000
--	-----------

\$325,000 2014 Promissory Note, Unit 34, due in annual installments of \$21,667 from August 1, 2017 through August 1, 2029, with interest at 4.0% until the first interest adjustment date of November 20, 2024, and for each successive one year period beginning on November 20 thereafter, at which time the interest rate will be adjusted to the Treasury Rate (as hereinafter defined) plus 3.00%. "Treasury Rate" means, as of each Adjustment Date, the yield on the Treasury Constant Maturity Series with a maturity of one year, as reported in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System. Interest is payable semi-annually on February 1, and August 1 of each year.	281,666
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\$6,680,000 Series 2007A Water Control and Improvement Refunding Bonds, Unit 43, due in annual installments of \$660,000 to \$790,000 from August 1, 2017, through August 1, 2021, with interest at 4.55% payable semi-annually on February 1 and August 1 of each year.	<u>3,610,000</u>
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Subtotal (Forward)	<u>\$ 126,182,562</u>
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NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (CONTINUED)

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT (CONTINUED)

Subtotal (Forward)	\$ 126,182,562
 \$13,345,000 Series 2007B Water Control and Improvement Refunding Bonds, Unit 43, due in annual installments of \$110,000 to \$1,475,000 from August 1, 2017, through August 1, 2031, with interest of 4.25% to 5.00% payable semi-annually on February 1 and August 1 of each year.	 12,625,000
 \$4,540,000 Series 2012A Water Control and Improvement Refunding Bonds, Unit 44, due in annual installments of \$20,000 to \$665,000 from August 1, 2017, to August 1, 2031, with interest from 2.375% to 4.5% payable semi-annually on February 1 and August 1 of each year.	 4,480,000
 \$3,445,280 Series 2010B Water Control and Improvement Refunding Bonds, Unit 44 (Taxable), due in annual installments of \$235,519 to \$368,325 from August 1, 2017, to August 1, 2024, with interest of 6.51% payable semiannually on February 1 and August 1 of each year.	 2,381,428
 \$3,503,598 2016 Promissory Note, Unit 45, due in annual installments of \$156,558 to \$264,423 from August 1, 2017, to August 1, 2033, with interest at 3.33% payable semiannually on February 1 and August 1 of each year.	 3,503,598
 \$11,930,000 Series 2016A Water Control and Improvement Refunding Bonds, Unit 46, term bonds due August 1, 2041. The bonds are subject to mandatory redemptions due in annual installments of \$90,000 to \$755,000 from August 1, 2018, through August 1, 2041, with interest from 2.00% to 3.625% payable semi-annually on February 1 and August 1 of each year.	 <u>11,930,000</u>
Subtotal (Forward)	<u>\$ 161,102,588</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (CONTINUED)

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT (CONTINUED)

Subtotal (Forward) \$ 161,102,588

\$1,130,000 Series 2016B Water Control and Improvement Refunding Bonds (Taxable), Unit 46, term bonds due August 1, 2021. The bonds are subject to mandatory redemptions due in annual installments of \$125,000 to \$275,000 from August 1, 2017, through August 1, 2021, with interest at 4.0% payable semi-annually on February 1 and August 1 of each year. 1,130,000

\$24,785,000 Series 2015 Water Control and Improvement Bonds, Unit 53, term bonds due August 1, 2046. The bonds are subject to mandatory redemptions due in annual installments of \$405,000 to \$1,675,000 from August 1, 2019, through August 1, 2046, with interest from 4.65% to 5.50% payable semi-annually on February 1 and August 1 of each year. 24,785,000

\$3,950,000 2011 Promissory Note, Unit 11 and 14, due in annual installments of \$247,320 to \$309,692 from August 1, 2017 through August 1, 2026, with interest at 2.53% payable semi-annually on February 1, and August 1 of each year. 2,774,641

Total Special Assessment Debt with Governmental Commitment \$ 189,792,229

Changes in long-term obligations for the year ended September 30, 2016, are summarized below:

	Balance September 30, 2015	Additions	Deletions	Balance September 30, 2016	Due Within One Year
Bonds and notes payable	\$ 173,252,557	\$ 42,428,263	\$ 25,888,591	\$ 189,792,229	\$ 7,357,236
Plus premium	1,158,024	--	84,971	1,073,053	--
Less discount	<u>(1,169,895)</u>	<u>(258,012)</u>	<u>(46,761)</u>	<u>(1,381,146)</u>	<u>--</u>
Total bonds and notes payable	173,240,686	42,170,251	25,926,801	189,484,136	7,357,236
Compensated absences	<u>453,976</u>	<u>264,101</u>	<u>271,993</u>	<u>446,084</u>	<u>151,765</u>
	<u>\$ 173,694,662</u>	<u>\$ 42,434,352</u>	<u>\$ 26,198,794</u>	<u>\$ 189,930,220</u>	<u>\$ 7,509,001</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (CONTINUED)

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT (CONTINUED)

The annual requirements to amortize all debt to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30:			
2017	\$ 7,357,236	\$ 8,269,250	\$ 15,626,486
2018	7,726,276	8,044,296	15,770,572
2019	8,408,322	7,767,122	16,175,444
2020	8,339,889	7,459,908	15,799,797
2021	8,819,024	7,141,185	15,960,209
2022-2026	46,690,700	30,291,921	76,982,621
2027-2031	36,130,458	21,235,425	57,365,883
2032-2036	19,470,324	14,610,157	34,080,481
2037-2041	22,435,000	9,749,491	32,184,491
2042-2046	24,415,000	3,924,250	28,339,250
Total	<u>\$ 189,792,229</u>	<u>\$ 118,493,005</u>	<u>\$ 308,285,234</u>

FORWARD DELIVERY AGREEMENT

On August 24, 2016, the District entered into a Forward Delivery Agreement. This agreement requires the District to issue \$11,465,000 in Water Control and Improvement Refunding Bonds, Unit of Development No. 43, Series 2017 on August 1, 2017, at an interest rate of 2.48 percent. The agreement also requires that the District contribute \$12,515,000 into escrow on August 1, 2017. The proceeds from the sale of the Water Control and Improvement Refunding Bonds, Unit of Development No. 43, Series 2017, and additional District contribution totaling \$1,454,098 will be used, on August 1, 2017, to call \$12,515,000 of Series 2007B Water Control and Improvement Refunding Bonds, Unit 43 that mature after August 1, 2017.

PROVISIONS OF BOND RESOLUTIONS

The District entered into covenants with the bondholders to levy annual assessments sufficient to pay the debt service on the bonds. Reserve accounts were established and the amounts on deposit in these accounts may be used only for the purpose of paying the principal and interest on the bonds when assessments are not sufficient to meet the debt service requirements when due. The bond resolutions specify minimum amounts to be maintained in the reserve accounts. At September 30, 2016, the District was in compliance with such bond covenants.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 5 - DEFEASED DEBT

REFUNDED DEBT

During the year, the District refunded several of its limited obligation bonds as summarized in the table below.

Old Debt Defeased				New Refunding Debt Issued						
Unit	Series	Principal Amount Retired	Interest Rates	Dated	Principal Amount Issued	Interest Rates	Cash Flow Savings	Economic Gain	Date of Refunded Debt Final Discharge	Refunding Type
5C	2006	\$ 355,000	4.0%	5/27/16	\$ --	n/a	\$ --	\$ --	8/1/16	Current
5D	2006	\$ 1,380,000	4.0% - 4.125%	5/27/16	\$ 1,079,665	2.55%	\$ 5,287	\$ 3,042	8/1/16	Current
45	2006	\$ 3,560,000	4.0% - 4.5%	5/27/16	\$ 3,503,598	3.33%	\$ 406,035	\$ 199,205	8/1/16	Current
46	2006A	\$ 11,500,000	5.3%	8/25/16	\$ 11,930,000	2.00% - 3.625%	\$2,847,678	\$1,640,334	8/1/17	Advanced
46	2006B	\$ 1,215,000	8.25%	8/25/16	\$ 1,130,000	4.00%	\$ 138,483	\$ 99,120	9/30/16	Current

The old debt defeased for Units 5C, 5D and 45 was a combined bond issue shared between the units, with varying final maturities for each unit's portion. Unit 5C's portion had a final maturity of August 1, 2016, whereas Unit 5D's portion was August 1, 2019, and Unit 45's portion was August 1, 2033. Although refunding the Series 2006 Unit 5C 5D 45 Bonds resulted in small savings in Unit 5D, and no savings or loss in Unit 5C, the District proceeded with the refunding because the savings in Unit 45 were significant, and the refunding transaction for Unit 45 could not be done without Units 5C and 5D being part of it.

Upon issuance of the refunding, the debt defeased and the related escrow assets were removed from the face of the financial statements.

The difference between the principal amount retired on the defeased debt and the amount paid to escrow agent is deferred and amortized over the life of the new debt. The life of the new debt issued is the same as the life of the debt defeased.

DEFEASED DEBT IN SUBSTANCE

For financial reporting purposes, defeased debt, accounted for as advanced refunding, is removed as a liability from the District's records with the funds placed in escrow and paid to bondholders by the paying agent. As of September 30, 2016, the defeased debt outstanding is as follows:

2007A (Tax Exempt) Water Control and Improvement Bonds, Unit 46 \$11,500,000

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 6 - INTERFUND TRANSACTIONS

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. Non-recurring or non-routine transfers of equity between funds are also reported as transfers. These transfers were made in order to close capital projects and debt service funds for which the fund's purpose had been accomplished and for surplus construction funds transferred to other funds in accordance with the original capital projects funding agreements.

Following is a summary of transfers individually by major fund and in the aggregate for non-major funds for the year.

Fund	Transfers In	Transfers Out
Major Funds		
General fund	\$3,078,107	\$ --
Debt service unit 53	4,381	--
Capital project unit 2C	--	80,312
Capital project unit 53	--	32,977
Nonmajor funds in the aggregate	<u>132,508</u>	<u>3,101,707</u>
Total Interfund Transfers	<u>\$3,214,996</u>	<u>\$ 3,214,996</u>

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". There were no amounts due from and to other funds at September 30, 2016.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 7 - CONSTRUCTION COMMITMENTS

The status of contracts at September 30, 2016 is as follows:

Project	Total Contract Amount	Expended Through September 30, 2016	Payable At September 30, 2016	Balance to Complete
Unit of Development No. 2C	\$ 16,489,526	\$ 12,510,457	\$ 1,819,155	\$ 2,159,914
Unit of Development No. 5C	29,910	26,919	--	2,991
Unit of Development No. 11	147,004	50,610	--	96,394
Unit of Development No. 16	1,899,764	202,359	--	1,697,405
Unit of Development No. 18	865,712	309,792	174,363	381,557
Unit of Development No. 31	1,005,510	984,903	20,607	--
Unit of Development No. 34	30,040	--	30,040	--
Unit of Development No. 53	<u>16,359,250</u>	<u>9,721,826</u>	<u>2,021,444</u>	<u>4,615,980</u>
Total Contracts	<u>\$ 36,826,716</u>	<u>\$ 23,806,866</u>	<u>\$ 4,065,609</u>	<u>\$ 8,954,241</u>

NOTE 8 - DEFINED CONTRIBUTION PLAN

The Northern Palm Beach County Improvement District SEPP Plan is a defined contribution pension plan established by the District to provide benefits at retirement to the employees of the District.

All full-time employees of the District are eligible to participate in the plan upon completion of the six month introductory period. The District contributes an amount equal to 18% of the employee's base salary each month to the plan. Employees cannot contribute to the plan. The District's contribution for each employee (and interest allocated to the employee's account) is fully vested following completion of the six month introductory period. Employees designate which companies will administer their individual contributions. Contributions are made to the individual's SEP IRA account and are invested at the direction of the account owner. Plan revisions and contribution requirements are established and may be amended by the District's Board of Supervisors. The District made 100% of its required contributions of \$282,708 for fiscal year ended September 30, 2016.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Specifically, the District purchases commercial insurance for property, medical benefits, worker's compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of certain governmental entities to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There were no changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage in the last three years.

NOTE 10 - INTERLOCAL AGREEMENTS

The District has executed interlocal agreements with forty (40) local governmental entities. Pursuant to the agreements, the District is acting as the lead applicant (with the other governmental entities as co-applicants) for the purpose of filing a permit application with the Environmental Protection Agency and to implement the regulations for the National Pollutant Discharge Elimination System (NPDES) Permit Program which addresses stormwater discharges to waters of the United States.

For the year ended September 30, 2016, the District received \$490,533 from the governmental entities including interest earnings, and spent \$484,620 on the NPDES application program. The cumulative excess of receipts over disbursements from inception of the NPDES application program through September 30, 2016 was \$385,803.

NOTE 11 - CONTINGENT LIABILITIES

LITIGATION, CLAIMS AND ASSESSMENTS

There are various claims and legal actions pending against the District for which no provision has been made in the financial statements. In the opinion of management and the District's attorneys, liabilities arising from these claims and legal actions, if any, will not have a material adverse effect on the financial condition of the District.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 11 - CONTINGENT LIABILITIES (CONTINUED)

GRANTS

Grant monies received and disbursed by the District are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. Based upon prior experience, the District does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material adverse effect on the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted Amounts</u>			Variance from Final Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Non-ad valorem assessments	\$ --	\$ --	\$ 141	\$ 141
Investment income	--	--	1,164	1,164
Miscellaneous	<u>--</u>	<u>--</u>	<u>32,245</u>	<u>32,245</u>
Total Revenues	<u>--</u>	<u>--</u>	<u>33,550</u>	<u>33,550</u>
Expenditures				
Current:				
Physical environment	3,184,089	3,184,089	2,972,138	211,951
Capital outlay	74,000	74,000	76,846	(2,846)
Debt service:				
Principal	15,278	15,278	15,279	(1)
Interest	<u>4,833</u>	<u>4,833</u>	<u>4,833</u>	<u>--</u>
Total Expenditures	<u>3,278,200</u>	<u>3,278,200</u>	<u>3,069,096</u>	<u>209,104</u>
Deficiency of Revenues Over Expenditures	<u>(3,278,200)</u>	<u>(3,278,200)</u>	<u>(3,035,546)</u>	<u>242,654</u>
Other Financing Sources (Uses)				
Transfers in	3,278,200	3,278,200	3,078,107	(200,093)
Proceeds from sales of capital assets	<u>--</u>	<u>--</u>	<u>21,556</u>	<u>21,556</u>
Total other financing sources	<u>3,278,200</u>	<u>3,278,200</u>	<u>3,099,663</u>	<u>(178,537)</u>
Net Change in Fund Balance	--	--	64,117	64,117
Fund Balance - Beginning of Year	<u>684,395</u>	<u>684,395</u>	<u>691,932</u>	<u>7,537</u>
Fund Balance - End of Year	<u>\$ 684,395</u>	<u>\$ 684,395</u>	<u>\$ 756,049</u>	<u>\$ 71,654</u>

See note to budgetary comparison schedule.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

NOTE TO BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. BUDGET AND BUDGETARY ACCOUNTING

A budgetary comparison schedule is presented for the general fund. Budgetary comparison schedules are not required and have not been presented for the major debt service or capital projects funds or for nonmajor funds. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are as follows:

- In July of each year, the Executive Director submits to the Board of Supervisors a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain landowner comments.
- Prior to October 1, the budget is legally adopted by the Board.
- Changes or amendments to any budgeted expenditure of the District must be approved by the Board of Supervisors. The legal level of budgetary control for the District is exercised at the fund level. There were no supplemental appropriations for the fiscal year ended September 30, 2016.
- The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles except for certain hurricane related expenditures. All appropriations lapse at fiscal year end unless encumbered or specifically designated to be carried forward to the subsequent year. The budgeted amounts presented in the accompanying financial statements are the final authorized amounts for the fiscal year.

**COMBINING NONMAJOR FINANCIAL
STATEMENTS AND SCHEDULES
(SUPPLEMENTARY INFORMATION)**

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 20,365,949	\$ 4,345,287	\$ 1,965,498	\$ 26,676,734
Investments	--	1,505,584	--	1,505,584
Receivables:				
Assessments	2,880,565	76,319,886	--	79,200,451
Interest	--	1,238	--	1,238
Accounts	90,610	44,280	--	134,890
Prepaid items	20,468	--	--	20,468
Total Assets	<u>\$ 23,357,592</u>	<u>\$ 82,216,275</u>	<u>\$ 1,965,498</u>	<u>\$ 107,539,365</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 673,664	\$ 3,500	\$ 1,885	\$ 679,049
Contracts and retainage payable	194,970	--	30,040	225,010
Unearned revenue	49,340	--	164	49,504
Total liabilities	<u>917,974</u>	<u>3,500</u>	<u>32,089</u>	<u>953,563</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	<u>2,880,565</u>	<u>76,319,886</u>	<u>--</u>	<u>79,200,451</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,798,539</u>	<u>76,323,386</u>	<u>32,089</u>	<u>80,154,014</u>
Fund Balances				
Non-spendable	20,468	--	--	20,468
Restricted	--	5,892,889	1,933,409	7,826,298
Committed	<u>19,538,585</u>	<u>--</u>	<u>--</u>	<u>19,538,585</u>
Total Fund Balances	<u>19,559,053</u>	<u>5,892,889</u>	<u>1,933,409</u>	<u>27,385,351</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,357,592</u>	<u>\$ 82,216,275</u>	<u>\$ 1,965,498</u>	<u>\$ 107,539,365</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT											
	1	2	2A	3	3A	4	5	5A	5B	5C	5D	7
Assets												
Cash and cash equivalents	\$ 213,451	\$ 273,328	\$ 218,112	\$ 338,670	\$ 413,472	\$ 244,722	\$ 168,365	\$ 1,026,757	\$ 123,826	\$ 75,106	\$ 168,363	\$ 247,402
Receivables:												
Assessments	--	--	--	--	--	--	--	--	--	--	--	--
Accounts	269	1,382	449	1,042	869	1,531	749	3,559	422	662	359	576
Prepaid items	--	--	--	--	--	--	--	--	--	--	--	--
Total Assets	<u>\$ 213,720</u>	<u>\$ 274,710</u>	<u>\$ 218,561</u>	<u>\$ 339,712</u>	<u>\$ 414,341</u>	<u>\$ 246,253</u>	<u>\$ 169,114</u>	<u>\$ 1,030,316</u>	<u>\$ 124,248</u>	<u>\$ 75,768</u>	<u>\$ 168,722</u>	<u>\$ 247,978</u>
Liabilities, Deferred Inflows of Resources and Fund Balances												
Liabilities:												
Accounts payable	\$ 6,102	\$ 8,090	\$ 704	\$ 8,192	\$ 3,213	\$ 8,269	\$ 4,482	\$ 4,366	\$ 901	\$ 1,232	\$ 820	\$ 5,295
Contracts and retainage payable	--	--	--	--	--	--	--	--	--	--	--	--
Unearned revenue	2,766	1,249	--	1,643	--	250	7,310	--	--	--	--	5,251
Total liabilities	<u>8,868</u>	<u>9,339</u>	<u>704</u>	<u>9,835</u>	<u>3,213</u>	<u>8,519</u>	<u>11,792</u>	<u>4,366</u>	<u>901</u>	<u>1,232</u>	<u>820</u>	<u>10,546</u>
Deferred inflows of resources:												
Unavailable revenue - special assessments	--	--	--	--	--	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	<u>8,868</u>	<u>9,339</u>	<u>704</u>	<u>9,835</u>	<u>3,213</u>	<u>8,519</u>	<u>11,792</u>	<u>4,366</u>	<u>901</u>	<u>1,232</u>	<u>820</u>	<u>10,546</u>
Fund Balances												
Non-spendable	--	--	--	--	--	--	--	--	--	--	--	--
Committed	<u>204,852</u>	<u>265,371</u>	<u>217,857</u>	<u>329,877</u>	<u>411,128</u>	<u>237,734</u>	<u>157,322</u>	<u>1,025,950</u>	<u>123,347</u>	<u>74,536</u>	<u>167,902</u>	<u>237,432</u>
Total fund balances	<u>204,852</u>	<u>265,371</u>	<u>217,857</u>	<u>329,877</u>	<u>411,128</u>	<u>237,734</u>	<u>157,322</u>	<u>1,025,950</u>	<u>123,347</u>	<u>74,536</u>	<u>167,902</u>	<u>237,432</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 213,720</u>	<u>\$ 274,710</u>	<u>\$ 218,561</u>	<u>\$ 339,712</u>	<u>\$ 414,341</u>	<u>\$ 246,253</u>	<u>\$ 169,114</u>	<u>\$ 1,030,316</u>	<u>\$ 124,248</u>	<u>\$ 75,768</u>	<u>\$ 168,722</u>	<u>\$ 247,978</u>

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS (Continued)

SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT											
	9	9A	9B	11	12	12A	14	15	16	18	19	19A
Assets												
Cash and cash equivalents	\$ 265,667	\$ 923,540	\$ 583,033	\$ 2,310,137	\$ 137,320	\$ 80,518	\$ 459,548	\$ 340,169	\$ 1,157,738	\$ 2,023,860	\$ 325,653	\$ 332,477
Receivables:												
Assessments	--	--	--	1,690,867	--	--	908,032	--	--	--	--	--
Accounts	828	2,897	2,924	11,482	532	106	3,420	2,191	3,982	9,626	1,855	438
Prepaid items	--	--	--	--	--	--	--	--	20,468	--	--	--
Total Assets	<u>\$ 266,495</u>	<u>\$ 926,437</u>	<u>\$ 585,957</u>	<u>\$ 4,012,486</u>	<u>\$ 137,852</u>	<u>\$ 80,624</u>	<u>\$ 1,371,000</u>	<u>\$ 342,360</u>	<u>\$ 1,182,188</u>	<u>\$ 2,033,486</u>	<u>\$ 327,508</u>	<u>\$ 332,915</u>
Liabilities, Deferred Inflows of Resources and Fund Balances												
Liabilities:												
Accounts payable	\$ 3,204	\$ 53,748	\$ 60,187	\$ 136,004	\$ 546	\$ 218	\$ 18,494	\$ 34,321	\$ 15,910	\$ 131,520	\$ 14,333	\$ --
Contracts and retainage payable	--	--	--	--	--	--	--	--	--	174,363	--	--
Unearned revenue	--	1,022	--	75	--	--	--	150	3,235	23,951	--	--
Total liabilities	<u>3,204</u>	<u>54,770</u>	<u>60,187</u>	<u>136,079</u>	<u>546</u>	<u>218</u>	<u>18,494</u>	<u>34,471</u>	<u>19,145</u>	<u>329,834</u>	<u>14,333</u>	<u>--</u>
Deferred inflows of resources:												
Unavailable revenue - special assessments	--	--	--	1,690,867	--	--	908,032	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	<u>3,204</u>	<u>54,770</u>	<u>60,187</u>	<u>1,826,946</u>	<u>546</u>	<u>218</u>	<u>926,526</u>	<u>34,471</u>	<u>19,145</u>	<u>329,834</u>	<u>14,333</u>	<u>--</u>
Fund Balances												
Non-spendable	--	--	--	--	--	--	--	--	20,468	--	--	--
Committed	<u>263,291</u>	<u>871,667</u>	<u>525,770</u>	<u>2,185,540</u>	<u>137,306</u>	<u>80,406</u>	<u>444,474</u>	<u>307,889</u>	<u>1,142,575</u>	<u>1,703,652</u>	<u>313,175</u>	<u>332,915</u>
Total Fund Balances	<u>263,291</u>	<u>871,667</u>	<u>525,770</u>	<u>2,185,540</u>	<u>137,306</u>	<u>80,406</u>	<u>444,474</u>	<u>307,889</u>	<u>1,163,043</u>	<u>1,703,652</u>	<u>313,175</u>	<u>332,915</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 266,495</u>	<u>\$ 926,437</u>	<u>\$ 585,957</u>	<u>\$ 4,012,486</u>	<u>\$ 137,852</u>	<u>\$ 80,624</u>	<u>\$ 1,371,000</u>	<u>\$ 342,360</u>	<u>\$ 1,182,188</u>	<u>\$ 2,033,486</u>	<u>\$ 327,508</u>	<u>\$ 332,915</u>

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS (Continued)

SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT										
	20	21	23	24	27B	29	31	32	32A	33	34
Assets											
Cash and cash equivalents	\$ 58,239	\$ 1,026,217	\$ 205,521	\$ 784,531	\$ 146,525	\$ 174,592	\$ 3,030,458	\$ 20,154	\$ 25,460	\$ 57,299	\$ 125,328
Receivables:											
Assessments	--	--	--	--	--	--	--	--	--	--	281,666
Accounts	1,476	1,862	826	1,157	475	201	13,721	61	52	71	785
Prepaid items	--	--	--	--	--	--	--	--	--	--	--
Total Assets	<u>\$ 59,715</u>	<u>\$ 1,028,079</u>	<u>\$ 206,347</u>	<u>\$ 785,688</u>	<u>\$ 147,000</u>	<u>\$ 174,793</u>	<u>\$ 3,044,179</u>	<u>\$ 20,215</u>	<u>\$ 25,512</u>	<u>\$ 57,370</u>	<u>\$ 407,779</u>
Liabilities, Deferred Inflows of Resources and Fund Balances											
Liabilities:											
Accounts payable	\$ 2,598	\$ 9,997	\$ 12,673	\$ 8,424	\$ 5,439	\$ 993	\$ 28,612	\$ 698	\$ 319	\$ 425	\$ 2,303
Contracts and retainage payable	--	--	--	--	--	--	20,607	--	--	--	--
Unearned revenue	--	2,213	--	--	--	--	--	--	--	--	--
Total liabilities	<u>2,598</u>	<u>12,210</u>	<u>12,673</u>	<u>8,424</u>	<u>5,439</u>	<u>993</u>	<u>49,219</u>	<u>698</u>	<u>319</u>	<u>425</u>	<u>2,303</u>
Deferred inflows of resources:											
Unavailable revenue - special assessments	--	--	--	--	--	--	--	--	--	--	281,666
Total Liabilities and Deferred Inflows of Resources	<u>2,598</u>	<u>12,210</u>	<u>12,673</u>	<u>8,424</u>	<u>5,439</u>	<u>993</u>	<u>49,219</u>	<u>698</u>	<u>319</u>	<u>425</u>	<u>283,969</u>
Fund Balances											
Non-spendable	--	--	--	--	--	--	--	--	--	--	--
Committed	<u>57,117</u>	<u>1,015,869</u>	<u>193,674</u>	<u>777,264</u>	<u>141,561</u>	<u>173,800</u>	<u>2,994,960</u>	<u>19,517</u>	<u>25,193</u>	<u>56,945</u>	<u>123,810</u>
Total Fund Balances	<u>57,117</u>	<u>1,015,869</u>	<u>193,674</u>	<u>777,264</u>	<u>141,561</u>	<u>173,800</u>	<u>2,994,960</u>	<u>19,517</u>	<u>25,193</u>	<u>56,945</u>	<u>123,810</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 59,715</u>	<u>\$ 1,028,079</u>	<u>\$ 206,347</u>	<u>\$ 785,688</u>	<u>\$ 147,000</u>	<u>\$ 174,793</u>	<u>\$ 3,044,179</u>	<u>\$ 20,215</u>	<u>\$ 25,512</u>	<u>\$ 57,370</u>	<u>\$ 407,779</u>

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS (Continued)

SEPTEMBER 30, 2016

	38	41	43	44	45	46	47	49	51	Common Area	Total
Assets											
Cash and cash equivalents	\$ 168,017	\$ 36,503	\$ 676,533	\$ 433,288	\$ 255,137	\$ 105,242	\$ 410,352	\$ 129,870	\$ 14,251	\$ 31,198	\$ 20,365,949
Receivables:											
Assessments	--	--	--	--	--	--	--	--	--	--	2,880,565
Accounts	263	31	4,049	1,210	683	434	1,573	350	72	9,108	90,610
Prepaid items	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>20,468</u>
Total Assets	<u>\$ 168,280</u>	<u>\$ 36,534</u>	<u>\$ 680,582</u>	<u>\$ 434,498</u>	<u>\$ 255,820</u>	<u>\$ 105,676</u>	<u>\$ 411,925</u>	<u>\$ 130,220</u>	<u>\$ 14,323</u>	<u>\$ 40,306</u>	<u>\$ 23,357,592</u>
Liabilities, Deferred Inflows of Resources and Fund Balances											
Liabilities:											
Accounts payable	\$ 18,902	\$ 2	\$ 43,467	\$ 3,976	\$ 3,472	\$ 89	\$ 1,944	\$ 3,741	\$ 2	\$ 5,437	\$ 673,664
Contracts and retainage payable	--	--	--	--	--	--	--	--	--	--	194,970
Unearned revenue	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>225</u>	<u>--</u>	<u>--</u>	<u>49,340</u>
Total liabilities	<u>18,902</u>	<u>2</u>	<u>43,467</u>	<u>3,976</u>	<u>3,472</u>	<u>89</u>	<u>1,944</u>	<u>3,966</u>	<u>2</u>	<u>5,437</u>	<u>917,974</u>
Deferred inflows of resources:											
Unavailable revenue - special assessments	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,880,565</u>
Total Liabilities and Deferred Inflows of Resources	<u>18,902</u>	<u>2</u>	<u>43,467</u>	<u>3,976</u>	<u>3,472</u>	<u>89</u>	<u>1,944</u>	<u>3,966</u>	<u>2</u>	<u>5,437</u>	<u>3,798,539</u>
Fund Balances											
Non-spendable	--	--	--	--	--	--	--	--	--	--	20,468
Committed	<u>149,378</u>	<u>36,532</u>	<u>637,115</u>	<u>430,522</u>	<u>252,348</u>	<u>105,587</u>	<u>409,981</u>	<u>126,254</u>	<u>14,321</u>	<u>34,869</u>	<u>19,538,585</u>
Total Fund Balances	<u>149,378</u>	<u>36,532</u>	<u>637,115</u>	<u>430,522</u>	<u>252,348</u>	<u>105,587</u>	<u>409,981</u>	<u>126,254</u>	<u>14,321</u>	<u>34,869</u>	<u>19,559,053</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 168,280</u>	<u>\$ 36,534</u>	<u>\$ 680,582</u>	<u>\$ 434,498</u>	<u>\$ 255,820</u>	<u>\$ 105,676</u>	<u>\$ 411,925</u>	<u>\$ 130,220</u>	<u>\$ 14,323</u>	<u>\$ 40,306</u>	<u>\$ 23,357,592</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS

SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT							
	2A	3A	5B	5C	5D	9B	16	19
Assets								
Cash and cash equivalents	\$ 103,271	\$ 96,421	\$ 50,176	\$ 4,177	\$ 24,202	\$ 974,337	\$ 199,264	\$ 34,920
Investments	--	--	--	--	--	--	722,320	--
Receivables:								
Assessments	4,325,000	3,415,000	3,173,872	--	1,079,665	13,635,000	6,415,000	1,401,323
Interest	--	--	--	--	--	--	594	--
Accounts	2,140	2,295	2,122	2,028	2,095	7,569	4,042	1,772
Total Assets	<u>\$ 4,430,411</u>	<u>\$ 3,513,716</u>	<u>\$ 3,226,170</u>	<u>\$ 6,205</u>	<u>\$ 1,105,962</u>	<u>\$ 14,616,906</u>	<u>\$ 7,341,220</u>	<u>\$ 1,438,015</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Deferred inflows of resources:								
Unavailable revenue - special assessments	4,325,000	3,415,000	3,173,872	--	1,079,665	13,635,000	6,415,000	1,401,323
Total Liabilities and Deferred Inflows of Resources	<u>4,325,000</u>	<u>3,415,000</u>	<u>3,173,872</u>	<u>--</u>	<u>1,079,665</u>	<u>13,635,000</u>	<u>6,415,000</u>	<u>1,401,323</u>
Fund Balances								
Restricted	105,411	98,716	52,298	6,205	26,297	981,906	926,220	36,692
Total Fund Balances	<u>105,411</u>	<u>98,716</u>	<u>52,298</u>	<u>6,205</u>	<u>26,297</u>	<u>981,906</u>	<u>926,220</u>	<u>36,692</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,430,411</u>	<u>\$ 3,513,716</u>	<u>\$ 3,226,170</u>	<u>\$ 6,205</u>	<u>\$ 1,105,962</u>	<u>\$ 14,616,906</u>	<u>\$ 7,341,220</u>	<u>\$ 1,438,015</u>

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS (Continued)

SEPTEMBER 30, 2016

	27B	31	43	44	45	46	Total
Assets							
Cash and cash equivalents	\$ 81,022	\$ --	\$ 1,737,907	\$ 188,316	\$ 105,819	\$ 745,455	\$ 4,345,287
Investments	291,726	--	--	491,538	--	--	1,505,584
Receivables:							
Assessments	3,215,000	--	16,235,000	6,861,428	3,503,598	13,060,000	76,319,886
Interest	240	--	--	404	--	--	1,238
Accounts	1,585	--	8,404	3,364	1,620	5,244	44,280
Total Assets	<u>\$ 3,589,573</u>	<u>\$ --</u>	<u>\$ 17,981,311</u>	<u>\$ 7,545,050</u>	<u>\$ 3,611,037</u>	<u>\$ 13,810,699</u>	<u>\$ 82,216,275</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,500	\$ 3,500
Deferred inflows of resources:							
Unavailable revenue - special assessments	3,215,000	--	16,235,000	6,861,428	3,503,598	13,060,000	76,319,886
Total Liabilities and Deferred Inflows of Resources	<u>3,215,000</u>	<u>--</u>	<u>16,235,000</u>	<u>6,861,428</u>	<u>3,503,598</u>	<u>13,063,500</u>	<u>76,319,886</u>
Fund Balances							
Restricted	374,573	--	1,746,311	683,622	107,439	747,199	5,892,889
Total Fund Balances	<u>374,573</u>	<u>--</u>	<u>1,746,311</u>	<u>683,622</u>	<u>107,439</u>	<u>747,199</u>	<u>5,892,889</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,589,573</u>	<u>\$ --</u>	<u>\$ 17,981,311</u>	<u>\$ 7,545,050</u>	<u>\$ 3,611,037</u>	<u>\$ 13,810,699</u>	<u>\$ 82,216,275</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2016

	16	18	25	34	Total
Assets					
Cash and cash equivalents	\$ 1,836,391	\$ --	\$ 20,752	\$ 108,355	\$ 1,965,498
Total Assets	<u>\$ 1,836,391</u>	<u>\$ --</u>	<u>\$ 20,752</u>	<u>\$ 108,355</u>	<u>\$ 1,965,498</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,885	\$ --	\$ --	\$ --	\$ 1,885
Contracts and retainage payable	--	--	--	30,040	30,040
Unearned revenue	--	--	164	--	164
Total Liabilities	<u>1,885</u>	<u>--</u>	<u>164</u>	<u>30,040</u>	<u>32,089</u>
Fund Balances					
Restricted	<u>1,834,506</u>	<u>--</u>	<u>20,588</u>	<u>78,315</u>	<u>1,933,409</u>
Total Fund Balances	<u>1,834,506</u>	<u>--</u>	<u>20,588</u>	<u>78,315</u>	<u>1,933,409</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,836,391</u>	<u>\$ --</u>	<u>\$ 20,752</u>	<u>\$ 108,355</u>	<u>\$ 1,965,498</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Non-ad valorem assessments	\$ 13,356,610	\$ 7,888,686	\$ --	\$ 21,245,296
Intergovernmental revenues	2,477	--	--	2,477
Capital contributions from landowners	67,381	--	115,203	182,584
Investment income	51,575	34,271	2,369	88,215
Miscellaneous	75,604	--	250	75,854
Total Revenues	<u>13,553,647</u>	<u>7,922,957</u>	<u>117,822</u>	<u>21,594,426</u>
Expenditures				
Current:				
Physical environment	5,579,542	--	--	5,579,542
Capital outlay	2,296,539	--	144,047	2,440,586
Debt service:				
Principal	255,114	5,613,413	--	5,868,527
Interest	84,210	3,684,924	--	3,769,134
Debt issuance costs	--	359,770	--	359,770
Payment to escrow agent	--	2,269,877	--	2,269,877
Other	--	33,748	--	33,748
Total expenditures	<u>8,215,405</u>	<u>11,961,732</u>	<u>144,047</u>	<u>20,321,184</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,338,242</u>	<u>(4,038,775)</u>	<u>(26,225)</u>	<u>1,273,242</u>
Other Financing Sources (Uses)				
Transfers in	132,508	--	--	132,508
Transfers out	(2,962,887)	(82,155)	(56,665)	(3,101,707)
Refunding debt issued	--	17,643,263	--	17,643,263
Discount on refunding bonds issued	--	(258,012)	--	(258,012)
Payment to refunded bonds escrow agent	--	(16,426,317)	--	(16,426,317)
Total Other Financing Sources (Uses)	<u>(2,830,379)</u>	<u>876,779</u>	<u>(56,665)</u>	<u>(2,010,265)</u>
Net Change in Fund Balances	2,507,863	(3,161,996)	(82,890)	(737,023)
Fund Balances - Beginning of Year	<u>17,051,190</u>	<u>9,054,885</u>	<u>2,016,299</u>	<u>28,122,374</u>
Fund Balances - End of Year	<u>\$ 19,559,053</u>	<u>\$ 5,892,889</u>	<u>\$ 1,933,409</u>	<u>\$ 27,385,351</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT											
	1	2	2A	3	3A	4	5	5A	5B	5C	5D	7
Revenues												
Non-ad valorem assessments	\$ 115,726	\$ 249,665	\$ 80,142	\$ 197,257	\$ 155,963	\$ 287,721	\$ 135,005	\$ 389,037	\$ 75,229	\$ 118,523	\$ 64,230	\$ 103,060
Intergovernmental revenues	--	--	--	--	--	--	--	--	--	--	--	2,477
Capital contributions from landowners	--	--	--	--	--	--	--	--	--	--	--	--
Investment income	572	692	473	1,260	1,036	1,337	463	2,190	307	230	345	549
Miscellaneous	2,374	6,960	--	150	--	3,911	1,018	4,915	--	--	--	9,674
Total Revenues	<u>118,672</u>	<u>257,317</u>	<u>80,615</u>	<u>198,667</u>	<u>156,999</u>	<u>292,969</u>	<u>136,486</u>	<u>396,142</u>	<u>75,536</u>	<u>118,753</u>	<u>64,575</u>	<u>115,760</u>
Expenditures												
Current:												
Physical environment	50,082	59,623	9,677	130,965	42,182	174,439	51,127	48,248	24,011	41,636	7,176	33,924
Capital outlay	2,691	10,021	--	2,989	--	63,514	10,069	109,721	15,059	255	--	3,416
Debt service:												
Principal	--	--	--	--	--	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--	--	--	--	--	--
Total Expenditures	<u>52,773</u>	<u>69,644</u>	<u>9,677</u>	<u>133,954</u>	<u>42,182</u>	<u>237,953</u>	<u>61,196</u>	<u>157,969</u>	<u>39,070</u>	<u>41,891</u>	<u>7,176</u>	<u>37,340</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>65,899</u>	<u>187,673</u>	<u>70,938</u>	<u>64,713</u>	<u>114,817</u>	<u>55,016</u>	<u>75,290</u>	<u>238,173</u>	<u>36,466</u>	<u>76,862</u>	<u>57,399</u>	<u>78,420</u>
Other Financing Sources (Uses)												
Transfers in	--	--	--	--	--	--	--	--	--	--	--	--
Transfers out	(38,769)	(128,661)	(53,363)	(70,144)	(44,722)	(115,166)	(60,720)	(79,337)	(31,292)	(8,447)	(30,299)	(45,622)
Total Other Financing Sources (Uses)	<u>(38,769)</u>	<u>(128,661)</u>	<u>(53,363)</u>	<u>(70,144)</u>	<u>(44,722)</u>	<u>(115,166)</u>	<u>(60,720)</u>	<u>(79,337)</u>	<u>(31,292)</u>	<u>(8,447)</u>	<u>(30,299)</u>	<u>(45,622)</u>
Net Change in Fund Balances	27,130	59,012	17,575	(5,431)	70,095	(60,150)	14,570	158,836	5,174	68,415	27,100	32,798
Fund Balances - Beginning of Year	<u>177,722</u>	<u>206,359</u>	<u>200,282</u>	<u>335,308</u>	<u>341,033</u>	<u>297,884</u>	<u>142,752</u>	<u>867,114</u>	<u>118,173</u>	<u>6,121</u>	<u>140,802</u>	<u>204,634</u>
Fund Balances - End of Year	<u>\$ 204,852</u>	<u>\$ 265,371</u>	<u>\$ 217,857</u>	<u>\$ 329,877</u>	<u>\$ 411,128</u>	<u>\$ 237,734</u>	<u>\$ 157,322</u>	<u>\$ 1,025,950</u>	<u>\$ 123,347</u>	<u>\$ 74,536</u>	<u>\$ 167,902</u>	<u>\$ 237,432</u>

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT											
	9	9A	9B	11	12	12A	14	15	16	18	19	19A
Revenues												
Non-ad valorem assessments	\$ 102,982	\$ 519,688	\$ 373,292	\$ 2,053,521	\$ 48,219	\$ 18,706	\$ 612,045	\$ 416,761	\$ 708,688	\$ 1,720,419	\$ 236,194	\$ 78,745
Intergovernmental revenues	--	--	--	--	--	--	--	--	--	--	--	--
Capital contributions from landowners	--	--	--	--	--	--	--	--	2,181	285	--	--
Investment income	536	2,111	1,426	6,560	315	152	1,729	1,344	2,606	5,541	874	694
Miscellaneous	6,952	(560)	900	4,668	765	--	500	600	9,963	1,692	4,099	--
Total Revenues	<u>110,470</u>	<u>521,239</u>	<u>375,618</u>	<u>2,064,749</u>	<u>49,299</u>	<u>18,858</u>	<u>614,274</u>	<u>418,705</u>	<u>723,438</u>	<u>1,727,937</u>	<u>241,167</u>	<u>79,439</u>
Expenditures												
Current:												
Physical environment	27,186	248,114	193,348	1,067,215	5,467	3,506	232,446	272,261	475,970	818,824	132,448	398
Capital outlay	2,220	52,298	32,324	43,542	2,451	--	120,499	32,763	120,703	474,676	1,760	--
Debt service:												
Principal	--	--	--	146,998	--	--	78,941	--	--	--	--	--
Interest	--	--	--	46,498	--	--	24,970	--	--	--	--	--
Total Expenditures	<u>29,406</u>	<u>300,412</u>	<u>225,672</u>	<u>1,304,253</u>	<u>7,918</u>	<u>3,506</u>	<u>456,856</u>	<u>305,024</u>	<u>596,673</u>	<u>1,293,500</u>	<u>134,208</u>	<u>398</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>81,064</u>	<u>220,827</u>	<u>149,946</u>	<u>760,496</u>	<u>41,381</u>	<u>15,352</u>	<u>157,418</u>	<u>113,681</u>	<u>126,765</u>	<u>434,437</u>	<u>106,959</u>	<u>79,041</u>
Other Financing Sources (Uses)												
Transfers in	--	--	--	--	--	--	--	--	--	50,353	--	--
Transfers out	(49,043)	(145,018)	(103,073)	(412,408)	(32,303)	(8,439)	(114,750)	(114,391)	(91,034)	(200,641)	(100,015)	(10,039)
Total Other Financing Sources (Uses)	<u>(49,043)</u>	<u>(145,018)</u>	<u>(103,073)</u>	<u>(412,408)</u>	<u>(32,303)</u>	<u>(8,439)</u>	<u>(114,750)</u>	<u>(114,391)</u>	<u>(91,034)</u>	<u>(150,288)</u>	<u>(100,015)</u>	<u>(10,039)</u>
Net Change in Fund Balances	32,021	75,809	46,873	348,088	9,078	6,913	42,668	(710)	35,731	284,149	6,944	69,002
Fund Balances - Beginning of Year	<u>231,270</u>	<u>795,858</u>	<u>478,897</u>	<u>1,837,452</u>	<u>128,228</u>	<u>73,493</u>	<u>401,806</u>	<u>308,599</u>	<u>1,127,312</u>	<u>1,419,503</u>	<u>306,231</u>	<u>263,913</u>
Fund Balances - End of Year	\$ 263,291	\$ 871,667	\$ 525,770	\$ 2,185,540	\$ 137,306	\$ 80,406	\$ 444,474	\$ 307,889	\$ 1,163,043	\$ 1,703,652	\$ 313,175	\$ 332,915

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT										
	20	21	23	24	27B	29	31	32	32A	33	34
Revenues											
Non-ad valorem assessments	\$ 48,109	\$ 330,058	\$ 149,674	\$ 205,199	\$ 84,357	\$ 35,434	\$ 2,397,243	\$ 11,027	\$ 9,498	\$ 12,540	\$ 143,614
Intergovernmental revenues	--	--	--	--	--	--	--	--	--	--	--
Capital contributions from landowners	--	--	--	--	--	--	--	--	--	--	--
Investment income	137	1,985	644	1,521	326	332	7,568	44	54	105	503
Miscellaneous	1,159	6,327	962	500	--	--	1,700	--	--	--	--
Total Revenues	<u>49,405</u>	<u>338,370</u>	<u>151,280</u>	<u>207,220</u>	<u>84,683</u>	<u>35,766</u>	<u>2,406,511</u>	<u>11,071</u>	<u>9,552</u>	<u>12,645</u>	<u>144,117</u>
Expenditures											
Current:											
Physical environment	10,395	104,732	81,985	62,819	41,159	13,956	473,293	4,547	2,167	4,142	24,805
Capital outlay	459	376	875	539	641	162	1,000,109	70	--	97	116
Debt service:											
Principal	7,507	--	--	--	--	--	--	--	--	--	21,668
Interest	403	--	--	--	--	--	--	--	--	--	12,339
Total Expenditures	<u>18,764</u>	<u>105,108</u>	<u>82,860</u>	<u>63,358</u>	<u>41,800</u>	<u>14,118</u>	<u>1,473,402</u>	<u>4,617</u>	<u>2,167</u>	<u>4,239</u>	<u>58,928</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>30,641</u>	<u>233,262</u>	<u>68,420</u>	<u>143,862</u>	<u>42,883</u>	<u>21,648</u>	<u>933,109</u>	<u>6,454</u>	<u>7,385</u>	<u>8,406</u>	<u>85,189</u>
Other Financing Sources (Uses)											
Transfers in	--	--	--	--	--	--	82,155	--	--	--	--
Transfers out	(10,500)	(130,477)	(54,497)	(67,988)	(33,108)	(14,498)	(132,539)	(4,089)	(501)	(6,230)	(61,374)
Total Other Financing Sources (Uses)	<u>(10,500)</u>	<u>(130,477)</u>	<u>(54,497)</u>	<u>(67,988)</u>	<u>(33,108)</u>	<u>(14,498)</u>	<u>(50,384)</u>	<u>(4,089)</u>	<u>(501)</u>	<u>(6,230)</u>	<u>(61,374)</u>
Net Change in Fund Balances	20,141	102,785	13,923	75,874	9,775	7,150	882,725	2,365	6,884	2,176	23,815
Fund Balances - Beginning of Year	<u>36,976</u>	<u>913,084</u>	<u>179,751</u>	<u>701,390</u>	<u>131,786</u>	<u>166,650</u>	<u>2,112,235</u>	<u>17,152</u>	<u>18,309</u>	<u>54,769</u>	<u>99,995</u>
Fund Balances - End of Year	\$ 57,117	\$ 1,015,869	\$ 193,674	\$ 777,264	\$ 141,561	\$ 173,800	\$ 2,994,960	\$ 19,517	\$ 25,193	\$ 56,945	\$ 123,810

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	38	41	43	44	45	46	47	49	51	Common Area	Total
Revenues											
Non-ad valorem assessments	\$ 47,207	\$ 5,520	\$ 658,349	\$ 60,868	\$ 121,474	\$ 68,188	\$ 33,275	\$ 61,574	\$ 12,584	\$ --	\$ 13,356,610
Intergovernmental revenues	--	--	--	--	--	--	--	--	--	--	2,477
Capital contributions from landowners	--	--	--	--	--	--	--	--	--	64,915	67,381
Investment income	639	70	1,612	801	572	213	807	250	28	22	51,575
Miscellaneous	--	--	3,405	2,850	--	(206)	(1,699)	1,775	250	--	75,604
Total Revenues	<u>47,846</u>	<u>5,590</u>	<u>663,366</u>	<u>64,519</u>	<u>122,046</u>	<u>68,195</u>	<u>32,383</u>	<u>63,599</u>	<u>12,862</u>	<u>64,937</u>	<u>13,553,647</u>
Expenditures											
Current:											
Physical environment	37,445	49	384,584	6,356	68,490	15,950	5,200	26,359	1,286	59,550	5,579,542
Capital outlay	189,096	49	948	249	402	495	694	96	95	--	2,296,539
Debt service:											
Principal	--	--	--	--	--	--	--	--	--	--	255,114
Interest	--	--	--	--	--	--	--	--	--	--	84,210
Total Expenditures	<u>226,541</u>	<u>98</u>	<u>385,532</u>	<u>6,605</u>	<u>68,892</u>	<u>16,445</u>	<u>5,894</u>	<u>26,455</u>	<u>1,381</u>	<u>59,550</u>	<u>8,215,405</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(178,695)</u>	<u>5,492</u>	<u>277,834</u>	<u>57,914</u>	<u>53,154</u>	<u>51,750</u>	<u>26,489</u>	<u>37,144</u>	<u>11,481</u>	<u>5,387</u>	<u>5,338,242</u>
Other Financing Sources (Uses)											
Transfers in	--	--	--	--	--	--	--	--	--	--	132,508
Transfers out	(20,803)	(3,115)	(188,883)	(32,681)	(44,329)	(13,769)	(21,227)	(25,987)	(6,932)	(1,664)	(2,962,887)
Total Other Financing Sources (Uses)	<u>(20,803)</u>	<u>(3,115)</u>	<u>(188,883)</u>	<u>(32,681)</u>	<u>(44,329)</u>	<u>(13,769)</u>	<u>(21,227)</u>	<u>(25,987)</u>	<u>(6,932)</u>	<u>(1,664)</u>	<u>(2,830,379)</u>
Net Change in Fund Balances	<u>(199,498)</u>	<u>2,377</u>	<u>88,951</u>	<u>25,233</u>	<u>8,825</u>	<u>37,981</u>	<u>5,262</u>	<u>11,157</u>	<u>4,549</u>	<u>3,723</u>	<u>2,507,863</u>
Fund Balances - Beginning of Year	<u>348,876</u>	<u>34,155</u>	<u>548,164</u>	<u>405,289</u>	<u>243,523</u>	<u>67,606</u>	<u>404,719</u>	<u>115,097</u>	<u>9,772</u>	<u>31,146</u>	<u>17,051,190</u>
Fund Balances - End of Year	<u>\$ 149,378</u>	<u>\$ 36,532</u>	<u>\$ 637,115</u>	<u>\$ 430,522</u>	<u>\$ 252,348</u>	<u>\$ 105,587</u>	<u>\$ 409,981</u>	<u>\$ 126,254</u>	<u>\$ 14,321</u>	<u>\$ 34,869</u>	<u>\$ 19,559,053</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT							
	2A	3A	5B	5C	5D	9B	16	19
Revenues								
Non-ad valorem assessments	\$ 381,463	\$ 410,714	\$ 378,071	\$ 362,898	\$ 374,847	\$ 1,351,506	\$ 715,052	\$ 314,892
Investment income	742	935	673	699	1,152	3,626	5,400	638
Total Revenues	<u>382,205</u>	<u>411,649</u>	<u>378,744</u>	<u>363,597</u>	<u>375,999</u>	<u>1,355,132</u>	<u>720,452</u>	<u>315,530</u>
Expenditures								
Debt service:								
Principal	175,000	220,000	299,325	--	--	825,000	355,000	243,593
Interest	209,863	195,381	93,803	7,100	32,723	514,375	370,900	74,844
Debt issuance costs	--	--	--	--	21,188	--	--	--
Payment to escrow agent	--	--	--	362,100	352,828	--	--	--
Other	1,629	1,747	1,615	1,543	1,594	5,760	3,076	1,349
Total Expenditures	<u>386,492</u>	<u>417,128</u>	<u>394,743</u>	<u>370,743</u>	<u>408,333</u>	<u>1,345,135</u>	<u>728,976</u>	<u>319,786</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,287)</u>	<u>(5,479)</u>	<u>(15,999)</u>	<u>(7,146)</u>	<u>(32,334)</u>	<u>9,997</u>	<u>(8,524)</u>	<u>(4,256)</u>
Other Financing Sources (Uses)								
Transfers out	--	--	--	--	--	--	--	--
Proceeds from refunding bonds	--	--	--	--	1,079,665	--	--	--
Discount on refunding bonds issued	--	--	--	--	--	--	--	--
Payments to refunded bonds escrow	--	--	--	--	(1,055,000)	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>24,665</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(4,287)</u>	<u>(5,479)</u>	<u>(15,999)</u>	<u>(7,146)</u>	<u>(7,669)</u>	<u>9,997</u>	<u>(8,524)</u>	<u>(4,256)</u>
Fund Balances - Beginning of Year	<u>109,698</u>	<u>104,195</u>	<u>68,297</u>	<u>13,351</u>	<u>33,966</u>	<u>971,909</u>	<u>934,744</u>	<u>40,948</u>
Fund Balances - End of Year	<u>\$ 105,411</u>	<u>\$ 98,716</u>	<u>\$ 52,298</u>	<u>\$ 6,205</u>	<u>\$ 26,297</u>	<u>\$ 981,906</u>	<u>\$ 926,220</u>	<u>\$ 36,692</u>

(Continued)

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	UNIT OF DEVELOPMENT						
	27B	31	43	44	45	46	Total
Revenues							
Non-ad valorem assessments	\$ 281,211	\$ --	\$ 1,500,263	\$ 600,886	\$ 288,059	\$ 928,824	\$ 7,888,686
Investment income	2,228	167	12,617	(3,371)	2,041	6,724	34,271
Total Revenues	<u>283,439</u>	<u>167</u>	<u>1,512,880</u>	<u>597,515</u>	<u>290,100</u>	<u>935,548</u>	<u>7,922,957</u>
Expenditures							
Debt service:							
Principal	140,000	2,180,000	735,000	240,495	--	200,000	5,613,413
Interest	143,838	55,863	789,508	366,262	98,198	732,266	3,684,924
Debt issuance costs	--	--	--	--	31,188	307,394	359,770
Payment to escrow agent	--	--	--	--	212,456	1,342,493	2,269,877
Other	1,206	--	6,396	2,560	1,283	3,990	33,748
Total Expenditures	<u>285,044</u>	<u>2,235,863</u>	<u>1,530,904</u>	<u>609,317</u>	<u>343,125</u>	<u>2,586,143</u>	<u>11,961,732</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,605)</u>	<u>(2,235,696)</u>	<u>(18,024)</u>	<u>(11,802)</u>	<u>(53,025)</u>	<u>(1,650,595)</u>	<u>(4,038,775)</u>
Other Financing Sources (Uses)							
Transfers out	--	(82,155)	--	--	--	--	(82,155)
Proceeds from refunding bonds	--	--	--	--	3,503,598	13,060,000	17,643,263
Discount on refunding bonds issued	--	--	--	--	--	(258,012)	(258,012)
Payments to refunded bonds escrow	--	--	--	--	(3,425,000)	(11,946,317)	(16,426,317)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(82,155)</u>	<u>--</u>	<u>--</u>	<u>78,598</u>	<u>855,671</u>	<u>876,779</u>
Net Change in Fund Balances	<u>(1,605)</u>	<u>(2,317,851)</u>	<u>(18,024)</u>	<u>(11,802)</u>	<u>25,573</u>	<u>(794,924)</u>	<u>(3,161,996)</u>
Fund Balances - Beginning of Year	<u>376,178</u>	<u>2,317,851</u>	<u>1,764,335</u>	<u>695,424</u>	<u>81,866</u>	<u>1,542,123</u>	<u>9,054,885</u>
Fund Balances - End of Year	<u>\$ 374,573</u>	<u>\$ --</u>	<u>\$ 1,746,311</u>	<u>\$ 683,622</u>	<u>\$ 107,439</u>	<u>\$ 747,199</u>	<u>\$ 5,892,889</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	16	18	25	34	Total
Revenues					
Capital contributions from landowners	\$ 9,431	\$ --	\$ 105,772	\$ --	\$ 115,203
Investment income	2,290	27	52	--	2,369
Miscellaneous	--	--	250	--	250
Total Revenues	<u>11,721</u>	<u>27</u>	<u>106,074</u>	<u>--</u>	<u>117,822</u>
Expenditures					
Capital outlay	<u>29,581</u>	<u>39</u>	<u>84,387</u>	<u>30,040</u>	<u>144,047</u>
Total Expenditures	<u>29,581</u>	<u>39</u>	<u>84,387</u>	<u>30,040</u>	<u>144,047</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(17,860)</u>	<u>(12)</u>	<u>21,687</u>	<u>(30,040)</u>	<u>(26,225)</u>
Other Financing Sources (Uses)					
Transfers out	<u>(5,213)</u>	<u>(50,353)</u>	<u>(1,099)</u>	<u>--</u>	<u>(56,665)</u>
Total Other Financing Sources (Uses)	<u>(5,213)</u>	<u>(50,353)</u>	<u>(1,099)</u>	<u>--</u>	<u>(56,665)</u>
Net Change in Fund Balances	<u>(23,073)</u>	<u>(50,365)</u>	<u>20,588</u>	<u>(30,040)</u>	<u>(82,890)</u>
Fund Balances - Beginning of Year	<u>1,857,579</u>	<u>50,365</u>	<u>--</u>	<u>108,355</u>	<u>2,016,299</u>
Fund Balances - End of Year	<u>\$ 1,834,506</u>	<u>\$ --</u>	<u>\$ 20,588</u>	<u>\$ 78,315</u>	<u>\$ 1,933,409</u>

**OTHER SUPPLEMENTARY FINANCIAL
DATA AND SCHEDULES
(SUPPLEMENTARY INFORMATION)**

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

COMBINED SCHEDULE OF DEBT PAYABLE

SEPTEMBER 30, 2016

Special Assessment Debt with Government Commitment	Interest Rates	Issue Date	Final Maturity	Annual Debt Service Requirement	Issued	Cumulative Retirements	Outstanding
<u>Unit of Development No.</u>							
2A Water Control and Improvement Refunding Bonds - Series 2013	3.00% - 5.25%	8/7/2013	8/1/2033	Exhibit A-1	\$ 4,835,000	\$ 510,000	\$ 4,325,000
2C Water Control and Improvement Bonds - Series 2014	3.75% - 5.2%	11/13/2014	8/1/2046	Exhibit A-2	59,380,000	--	59,380,000
3A Water Control and Improvement Refunding Bonds - Series 2004B	5.375%	3/31/2004	8/1/2027	Exhibit A-3	5,595,000	2,180,000	3,415,000
5B Water Control and Improvement Refunding Bonds - Series 2015	2.23%	5/15/2015	8/1/2025	Exhibit A-4	3,473,198	299,325	3,173,873
5D Promissory Note	2.55%	5/27/2016	8/1/2019	Exhibit A-5	1,079,665	--	1,079,665
9A Promissory Note	2.96%	5/3/2013	8/1/2027	Exhibit A-6	32,064,999	5,813,964	26,251,035
9B Water Control and Improvement Refunding Bonds - Series 2015	2.00% - 5.00%	5/14/2015	8/1/2029	Exhibit A-7	14,460,000	825,000	13,635,000
16 Water Control and Improvement Refunding Bonds - Series 2012	5.125% - 5.75%	10/11/2012	8/1/2032	Exhibit A-8	7,700,000	1,285,000	6,415,000
19 Water Control and Improvement Refunding Bonds - Series 2007	4.55%	3/29/2007	8/1/2021	Exhibit A-9	3,259,735	1,858,412	1,401,323
27B Water Control and Improvement Refunding Bonds - Series 2012	3.25% - 4.75%	7/25/2012	8/1/2032	Exhibit A-10	3,745,000	530,000	3,215,000
	4.00%,						
34 Promissory Note	Recalculated at put option date on 2/1/2026	11/20/2014	8/1/2029	Exhibit A-11	325,000	43,334	281,666
43 Water Control and Improvement Refunding Bonds - Series 2007A	4.55%	3/29/2007	8/1/2021	Exhibit A-12	6,680,000	3,070,000	3,610,000
43 Water Control and Improvement Refunding Bonds - Series 2007B	4.25% - 5.00%	4/26/2007	8/1/2031	Exhibit A-13	13,345,000	720,000	12,625,000
44 Water Control and Improvement Refunding Bonds - Series 2012A	2.375% - 4.50%	9/20/2012	8/1/2031	Exhibit A-14	4,540,000	60,000	4,480,000
44 Water Control and Improvement Refunding Bonds - Series 2010B	6.51%	3/31/2010	8/1/2024	Exhibit A-15	3,445,280	1,063,852	2,381,428
45 Promissory Note	3.33%	5/27/2016	8/1/2033	Exhibit A-16	3,503,598	--	3,503,598
46 Water Control and Improvement Refunding Bonds - Series 2016A	2.00% - 3.625%	8/25/2016	8/1/2041	Exhibit A-17	11,930,000	--	11,930,000
46 Water Control and Improvement Refunding Bonds - Series 2016B	4.00%	8/25/2016	8/1/2021	Exhibit A-18	1,130,000	--	1,130,000
53 Water Control and Improvement Bonds - Series 2015	4.65% - 5.50%	12/17/2015	8/1/2046	Exhibit A-19	24,785,000	--	24,785,000
11 & 14 Promissory Note	2.53%	11/16/2011	8/1/2026	Exhibit A-20	3,950,000	1,175,359	2,774,641
Totals					<u>\$ 209,226,475</u>	<u>\$ 19,434,246</u>	<u>\$ 189,792,229</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$4,835,000

Water Control and Improvement Refunding Bonds, Series 2013

Unit of Development No. 2A

Dated August 7, 2013

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 180,000	\$ 204,613	\$ 384,613
2018	185,000	199,213	384,213
2019	190,000	191,813	381,813
2020	195,000	184,213	379,213
2021	210,000	176,413	386,413
2022	215,000	168,013	383,013
2023	220,000	159,413	379,413
2024	230,000	150,613	380,613
2025	245,000	139,113	384,113
2026	260,000	126,863	386,863
2027	270,000	113,863	383,863
2028	280,000	100,363	380,363
2029	295,000	86,363	381,363
2030	310,000	70,875	380,875
2031	330,000	54,600	384,600
2032	345,000	37,275	382,275
2033	<u>365,000</u>	<u>19,163</u>	<u>384,163</u>
Totals	<u><u>\$ 4,325,000</u></u>	<u><u>\$ 2,182,782</u></u>	<u><u>\$ 6,507,782</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$59,380,000

Water Control and Improvement Bonds, Series 2014

Unit of Development No. 2C

Dated November 13, 2014

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 920,000	\$ 2,916,800	\$ 3,836,800
2018	955,000	2,882,300	3,837,300
2019	995,000	2,846,488	3,841,488
2020	1,035,000	2,809,175	3,844,175
2021	1,080,000	2,762,600	3,842,600
2022	1,130,000	2,714,000	3,844,000
2023	1,180,000	2,663,150	3,843,150
2024	1,240,000	2,610,050	3,850,050
2025	1,300,000	2,554,250	3,854,250
2026	1,365,000	2,489,250	3,854,250
2027	1,435,000	2,421,000	3,856,000
2028	1,505,000	2,349,250	3,854,250
2029	1,590,000	2,274,000	3,864,000
2030	1,670,000	2,194,500	3,864,500
2031	1,750,000	2,111,000	3,861,000
2032	1,845,000	2,023,500	3,868,500
2033	1,935,000	1,931,250	3,866,250
2034	2,035,000	1,834,500	3,869,500
2035	2,140,000	1,732,750	3,872,750
2036	2,250,000	1,625,350	3,875,350
2037	2,370,000	1,512,040	3,882,040
2038	2,490,000	1,392,680	3,882,680
2039	2,620,000	1,267,270	3,887,270
2040	2,755,000	1,135,330	3,890,330
2041	2,900,000	996,590	3,896,590
2042	3,045,000	850,550	3,895,550
2043	3,205,000	697,210	3,902,210
2044	3,370,000	535,810	3,905,810
2045	3,545,000	366,100	3,911,100
2046	3,725,000	187,580	3,912,580
Totals	<u><u>\$ 59,380,000</u></u>	<u><u>\$ 56,686,323</u></u>	<u><u>\$ 116,066,323</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$5,595,000

Water Control and Improvement Refunding Bonds, Series 2004B

Unit of Development No. 3A

Dated March 31, 2004

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 235,000	\$ 183,556	\$ 418,556
2018	245,000	170,925	415,925
2019	260,000	157,756	417,756
2020	275,000	143,781	418,781
2021	290,000	129,000	419,000
2022	305,000	113,413	418,413
2023	325,000	97,019	422,019
2024	340,000	79,550	419,550
2025	360,000	61,275	421,275
2026	380,000	41,925	421,925
2027	<u>400,000</u>	<u>21,500</u>	<u>421,500</u>
Totals	<u><u>\$ 3,415,000</u></u>	<u><u>\$ 1,199,700</u></u>	<u><u>\$ 4,614,700</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$3,473,198

Water Control and Improvement Refunding Bonds, Series 2015

Unit of Development No. 5B

Dated May 15, 2015

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 322,352	\$ 70,777	\$ 393,129
2018	329,540	63,589	393,129
2019	336,889	56,240	393,129
2020	344,401	48,728	393,129
2021	352,081	41,047	393,128
2022	359,933	33,196	393,129
2023	367,959	25,170	393,129
2024	376,165	16,964	393,129
2025	<u>384,553</u>	<u>8,576</u>	<u>393,129</u>
Totals	<u><u>\$ 3,173,873</u></u>	<u><u>\$ 364,287</u></u>	<u><u>\$ 3,538,160</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$1,079,665

**Unit of Development No. 5D
Dated May 27, 2016**

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 350,865	\$ 27,531	\$ 378,396
2018	359,812	18,584	378,396
2019	<u>368,988</u>	<u>9,409</u>	<u>378,397</u>
Totals	<u><u>\$ 1,079,665</u></u>	<u><u>\$ 55,524</u></u>	<u><u>\$ 1,135,189</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$32,064,999

Promissory Note

Unit of Development No. 9A

Dated May 3, 2013

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 2,053,832	\$ 777,031	\$ 2,830,863
2018	2,114,626	716,237	2,830,863
2019	2,177,218	653,644	2,830,862
2020	2,241,664	589,199	2,830,863
2021	2,308,017	522,845	2,830,862
2022	2,376,335	454,528	2,830,863
2023	2,446,674	384,189	2,830,863
2024	2,519,096	311,767	2,830,863
2025	2,593,661	237,202	2,830,863
2026	2,670,433	160,429	2,830,862
2027	<u>2,749,479</u>	<u>81,385</u>	<u>2,830,864</u>
Totals	<u>\$ 26,251,035</u>	<u>\$ 4,888,456</u>	<u>\$ 31,139,491</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$14,460,000

Water Control and Improvement Refunding Bonds, Series 2015

Unit of Development No. 9B

Dated May 14, 2015

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 845,000	\$ 497,875	\$ 1,342,875
2018	865,000	480,975	1,345,975
2019	885,000	455,025	1,340,025
2020	910,000	428,475	1,338,475
2021	950,000	401,175	1,351,175
2022	995,000	353,675	1,348,675
2023	1,045,000	303,925	1,348,925
2024	1,095,000	251,675	1,346,675
2025	1,135,000	196,925	1,331,925
2026	1,175,000	162,875	1,337,875
2027	1,205,000	126,156	1,331,156
2028	1,245,000	86,994	1,331,994
2029	<u>1,285,000</u>	<u>44,975</u>	<u>1,329,975</u>
Totals	<u><u>\$ 13,635,000</u></u>	<u><u>\$ 3,790,725</u></u>	<u><u>\$ 17,425,725</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$7,700,000

Water Control and Improvement Refunding Bonds, Series 2012

Unit of Development No. 16

Dated October 11, 2012

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 375,000	\$ 352,706	\$ 727,706
2018	395,000	333,488	728,488
2019	420,000	313,244	733,244
2020	440,000	291,719	731,719
2021	465,000	269,169	734,169
2022	490,000	245,338	735,338
2023	515,000	220,225	735,225
2024	550,000	190,613	740,613
2025	280,000	158,988	438,988
2026	300,000	142,888	442,888
2027	315,000	125,638	440,638
2028	330,000	107,525	437,525
2029	350,000	88,550	438,550
2030	375,000	68,425	443,425
2031	395,000	46,863	441,863
2032	<u>420,000</u>	<u>24,150</u>	<u>444,150</u>
Totals	<u><u>\$ 6,415,000</u></u>	<u><u>\$ 2,979,529</u></u>	<u><u>\$ 9,394,529</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$3,259,735

Water Control and Improvement Refunding Bonds, Series 2007

Unit of Development No. 19

Dated March 29, 2007

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 254,121	\$ 63,760	\$ 317,881
2018	269,218	52,198	321,416
2019	278,774	39,948	318,722
2020	292,854	27,264	320,118
2021	<u>306,356</u>	<u>13,939</u>	<u>320,295</u>
Totals	<u><u>\$ 1,401,323</u></u>	<u><u>\$ 197,109</u></u>	<u><u>\$ 1,598,432</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$3,745,000

Water Control and Improvement Refunding Bonds, Series 2012

Unit of Development No. 27B

Dated July 25, 2012

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 145,000	\$ 139,638	\$ 284,638
2018	150,000	134,925	284,925
2019	155,000	129,675	284,675
2020	160,000	124,056	284,056
2021	165,000	117,656	282,656
2022	175,000	111,056	286,056
2023	180,000	103,838	283,838
2024	190,000	95,963	285,963
2025	200,000	87,650	287,650
2026	210,000	78,900	288,900
2027	220,000	69,713	289,713
2028	230,000	60,088	290,088
2029	240,000	49,163	289,163
2030	255,000	37,763	292,763
2031	265,000	25,650	290,650
2032	<u>275,000</u>	<u>13,063</u>	<u>288,063</u>
Totals	<u><u>\$ 3,215,000</u></u>	<u><u>\$ 1,378,797</u></u>	<u><u>\$ 4,593,797</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$325,000

Promissory Note

Unit of Development No. 34

Dated November 20, 2014

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 21,668	\$ 11,267	\$ 32,935
2018	21,668	10,400	32,068
2019	21,668	9,533	31,201
2020	21,668	8,666	30,334
2021	21,668	7,800	29,468
2022	21,668	6,933	28,601
2023	21,668	6,066	27,734
2024	21,668	5,200	26,868
2025	21,668	4,333	26,001
2026*	21,668	3,466	25,134
2027*	21,667	2,600	24,267
2028*	21,667	1,733	23,400
2029*	<u>21,652</u>	<u>866</u>	<u>22,518</u>
Totals	<u><u>\$ 281,666</u></u>	<u><u>\$ 78,863</u></u>	<u><u>\$ 360,529</u></u>

*Interest to be recalculated at put option on 2/1/2026.

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$6,680,000

Water Control and Improvement Refunding Bonds, Series 2007A

Unit of Development No. 43

Dated March 29, 2007

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 660,000	\$ 164,255	\$ 824,255
2018	685,000	134,225	819,225
2019	720,000	103,058	823,058
2020	755,000	70,298	825,298
2021	<u>790,000</u>	<u>35,945</u>	<u>825,945</u>
Totals	<u><u>\$ 3,610,000</u></u>	<u><u>\$ 507,781</u></u>	<u><u>\$ 4,117,781</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$13,345,000

Water Control and Improvement Refunding Bonds, Series 2007B

Unit of Development No. 43

Dated April 26, 2007

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 110,000	\$ 592,125	\$ 702,125
2018	120,000	587,450	707,450
2019	125,000	582,350	707,350
2020	130,000	576,725	706,725
2021	135,000	570,875	705,875
2022	965,000	564,800	1,529,800
2023	1,010,000	521,375	1,531,375
2024	1,055,000	475,925	1,530,925
2025	1,105,000	428,450	1,533,450
2026	1,160,000	378,725	1,538,725
2027	1,215,000	322,919	1,537,919
2028	1,275,000	264,456	1,539,456
2029	1,340,000	203,106	1,543,106
2030	1,405,000	138,619	1,543,619
2031	<u>1,475,000</u>	<u>70,994</u>	<u>1,545,994</u>
Totals	<u><u>\$ 12,625,000</u></u>	<u><u>\$ 6,278,894</u></u>	<u><u>\$ 18,903,894</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$4,540,000

Water Control and Improvement Refunding Bonds, Series 2012

Unit of Development No. 44

Dated September 20, 2012

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 20,000	\$ 193,506	\$ 213,506
2018	25,000	193,031	218,031
2019	25,000	192,356	217,356
2020	25,000	191,575	216,575
2021	25,000	190,750	215,750
2022	25,000	189,875	214,875
2023	25,000	188,938	213,938
2024	220,000	187,938	407,938
2025	510,000	178,588	688,588
2026	535,000	156,913	691,913
2027	560,000	134,175	694,175
2028	580,000	110,375	690,375
2029	605,000	85,725	690,725
2030	635,000	58,500	693,500
2031	<u>665,000</u>	<u>29,925</u>	<u>694,925</u>
Totals	<u><u>\$ 4,480,000</u></u>	<u><u>\$ 2,282,170</u></u>	<u><u>\$ 6,762,170</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$3,445,280

Water Control and Improvement Refunding Bonds, Series 2010B

Unit of Development No. 44

Dated March 31, 2010

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 235,519	\$ 157,184	\$ 392,703
2018	251,064	141,639	392,703
2019	267,635	125,068	392,703
2020	285,006	107,697	392,703
2021	304,112	88,591	392,703
2022	324,185	68,518	392,703
2023	345,582	47,121	392,703
2024	<u>368,325</u>	<u>24,378</u>	<u>392,703</u>
Totals	<u><u>\$ 2,381,428</u></u>	<u><u>\$ 760,196</u></u>	<u><u>\$ 3,141,624</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$3,503,598

Promissory Note

Unit of Development No. 45

Dated May 27, 2016

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 156,559	\$ 116,670	\$ 273,229
2018	161,773	111,456	273,229
2019	167,159	106,069	273,228
2020	172,725	100,503	273,228
2021	178,477	94,751	273,228
2022	184,420	88,808	273,228
2023	190,561	82,667	273,228
2024	196,907	76,321	273,228
2025	203,464	69,764	273,228
2026	210,239	62,989	273,228
2027	217,240	55,988	273,228
2028	224,474	48,754	273,228
2029	231,949	41,279	273,228
2030	239,673	33,555	273,228
2031	247,654	25,574	273,228
2032	255,901	17,327	273,228
2033	<u>264,423</u>	<u>8,805</u>	<u>273,228</u>
Totals	<u><u>\$ 3,503,598</u></u>	<u><u>\$ 1,141,280</u></u>	<u><u>\$ 4,644,878</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$11,930,000

Water Control and Improvement Refunding Bonds, Series 2016A

Unit of Development No. 46

Dated August 25, 2016

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ --	\$ 363,288	\$ 363,288
2018	90,000	389,238	479,238
2019	90,000	387,438	477,438
2020	95,000	385,638	480,638
2021	395,000	383,738	778,738
2022	405,000	375,838	780,838
2023	425,000	363,688	788,688
2024	435,000	350,938	785,938
2025	445,000	340,063	785,063
2026	460,000	328,938	788,938
2027	470,000	315,138	785,138
2028	490,000	301,038	791,038
2029	505,000	285,113	790,113
2030	520,000	268,700	788,700
2031	540,000	251,800	791,800
2032	555,000	234,250	789,250
2033	575,000	214,825	789,825
2034	595,000	194,700	789,700
2035	620,000	173,875	793,875
2036	640,000	152,175	792,175
2037	670,000	129,775	799,775
2038	690,000	105,488	795,488
2039	720,000	80,475	800,475
2040	745,000	54,375	799,375
2041	755,000	27,369	782,369
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 11,930,000</u>	<u>\$ 6,457,901</u>	<u>\$ 18,387,901</u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$2,320,000

Water Control and Improvement Refunding Bonds, Series 2016B

Unit of Development No. 46

Dated August 25, 2016

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 225,000	\$ 42,187	\$ 267,187
2018	250,000	36,200	286,200
2019	260,000	26,200	286,200
2020	270,000	15,800	285,800
2021	<u>125,000</u>	<u>5,000</u>	<u>130,000</u>
Totals	<u><u>\$ 1,130,000</u></u>	<u><u>\$ 125,387</u></u>	<u><u>\$ 1,255,387</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$24,785,000

Water Control and Improvement Bonds, Series 2015

Unit of Development No. 53

Dated December 17, 2015

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ --	\$ 1,324,283	\$ 1,324,283
2018	--	1,324,283	1,324,283
2019	405,000	1,324,283	1,729,283
2020	425,000	1,305,450	1,730,450
2021	445,000	1,285,688	1,730,688
2022	470,000	1,264,995	1,734,995
2023	490,000	1,243,140	1,733,140
2024	515,000	1,220,355	1,735,355
2025	540,000	1,196,408	1,736,408
2026	565,000	1,171,298	1,736,298
2027	595,000	1,141,070	1,736,070
2028	630,000	1,109,238	1,739,238
2029	665,000	1,075,533	1,740,533
2030	700,000	1,039,955	1,739,955
2031	740,000	1,002,505	1,742,505
2032	780,000	962,915	1,742,915
2033	825,000	921,185	1,746,185
2034	870,000	877,048	1,747,048
2035	915,000	830,503	1,745,503
2036	965,000	781,550	1,746,550
2037	1,020,000	728,475	1,748,475
2038	1,080,000	672,375	1,752,375
2039	1,140,000	612,975	1,752,975
2040	1,205,000	550,275	1,755,275
2041	1,275,000	484,000	1,759,000
2042	1,345,000	413,875	1,758,875
2043	1,420,000	339,900	1,759,900
2044	1,500,000	261,800	1,761,800
2045	1,585,000	179,300	1,764,300
2046	<u>1,675,000</u>	<u>92,125</u>	<u>1,767,125</u>
Totals	<u><u>\$ 24,785,000</u></u>	<u><u>\$ 26,736,785</u></u>	<u><u>\$ 51,521,785</u></u>

NORTHERN PALM BEACH COUNTY IMPROVEMENT DISTRICT

\$3,950,000

Promissory Note

Units of Development No. 11 & 14

Dated November 16, 2011

Year Ending September 30,	Principal	Interest	Total Requirement
2017	\$ 247,320	\$ 70,198	\$ 317,518
2018	253,577	63,941	317,518
2019	259,992	57,526	317,518
2020	266,570	50,948	317,518
2021	273,314	44,204	317,518
2022	280,229	37,289	317,518
2023	287,319	30,199	317,518
2024	294,588	22,930	317,518
2025	302,041	15,477	317,518
2026	<u>309,691</u>	<u>7,835</u>	<u>317,526</u>
	<u>\$ 2,774,641</u>	<u>\$ 400,547</u>	<u>\$ 3,175,188</u>

REPORTING SECTION

**INDEPENDENT AUDITORS' 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 and Executive Director
Northern Palm Beach County Improvement District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northern Palm Beach County Improvement District (the District), as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 14, 2017.

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 District'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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Marcum LLP

West Palm Beach, FL
March 14, 2017

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors and Executive Director
Northern Palm Beach County Improvement District

Report on the Financial Statements

We have audited the financial statements of the Northern Palm Beach County Improvement District, (the District) Florida, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 14, 2017.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority is disclosed in the notes. There are no component unit related to this District.

Financial Condition

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The District is not a component unit and does not have any component units.

Other Matters

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

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

Purpose of this Letter

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

Marcum LLP

Marcum LLP
March 14, 2017

**INDEPENDENT ACCOUNTANTS' REPORT
ON COMPLIANCE PURSUANT TO SECTION 218.415 FLORIDA STATUTES**

To the Board of Directors and Executive Director
Northern Palm Beach County Improvement District

We have examined Northern Palm Beach County Improvement District's (the District) compliance with Section 218.415 Florida Statutes during the fiscal year ended September 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

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

Marcum LLP

West Palm Beach, FL
March 14, 2017