



Seat 1 - Tom Farlow, Director
Seat 2 - Charlie Smith, Chairman
Seat 3 - Thomas Hosken, Director
Seat 4 - Dominic Berardi, Vice Chairman
Seat 5 - Matthew Friedland, Director
Seat 6 - Richard Rademacher, Director
Seat 7 - Diane Spencer, Director

Monthly Board Meetings are held at:

District Office Board Room

984 Old Mill Run The Villages, FL 32162

The Villages, Florida 32162

AGENDA

February 14, 2019

9:00 AM

Notice to Public: Audience Comments on all issues will be received by the Board.

1. Call to Order
 - A. Roll Call
 - B. Pledge of Allegiance
 - C. Observation of Moment of Silence
 - D. Welcome Meeting Attendees

NEW BUSINESS:

2. Approval of the Minutes

Approval of the Minutes for the Meeting held on January 17, 2019.
3. Acceptance of Audit Report for Fiscal Year 2017-2018

The annual audit of the financial statements for the North Sumter County Dependent District for the Fiscal Year ending September 30, 2018, is complete and a copy is attached.
4. Approval of FY 19-20 Budget Calendar

Request approval of the Board's Fiscal Year 2019-20 Budget Calendar which includes the review of the Recommended Budget at the June 10, 2019 regular meeting and approval of the Proposed Budget at the July 9, 2019 regular meeting.
5. Operating Policies and Procedures
6. Approval of Additional Services – Supervisory Control and Data Acquisition (SCADA) System Upgrade Program Phase 2

The Approval of Additional Services – Supervisory Control and Data Acquisition (SCADA) System Upgrade Program Phase 2 in the Agreement with Operations Management International, Inc. (CH2M/OMI) to provide services for the SCADA System Upgrade Program (Phase 2) for North Sumter County Utility Dependent District for the remainder of fiscal year 2018-2019.

INFORMATIONAL ITEMS ONLY:

7. Financial Statements

Budget to Actual Statements as of December 31, 2018

REPORTS AND INPUT:

8. District Manager Reports
 - A. Recognition of Service
9. District Counsel Reports
10. Supervisor Comments
11. Audience Comments
12. Adjourn

HOSPITALITY * STEWARDSHIP * CREATIVITY * HARD WORK

NOTICE

Each person who decides to appeal any action taken at these meetings is advised that person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based. Audio recordings of Board meetings, workshops or public hearings are available for purchase per Florida Statute 119.07 through the District Clerk for \$1.00 per CD requested. Any person requiring special accommodations at this meeting because of a disability or physical impairment should contact the District Office at (352) 751-3939 at least five calendar days prior to the meeting.



AGENDA REQUEST

TO: Board of Directors
North Sumter County Utility Dependent District

FROM: Jennifer McQueary, District Clerk

DATE: 2/14/2019

SUBJECT: **Approval of the Minutes**

ISSUE: Approval of the Minutes for the Meeting held on January 17, 2019.

ANALYSIS/INFORMATION: Staff requests approval of the Minutes for the Meeting held on January 17, 2019.

STAFF RECOMMENDATION: Staff recommends approval of the Minutes for the Meeting held on January 17, 2019.

MOTION:

Motion to approve the Minutes for the Meeting held on January 17, 2019.

ATTACHMENTS:

Description	Type
▣ 1-17-19 Minutes	Cover Memo

**MINUTES OF MEETING
NORTH SUMTER COUNTY UTILITY
DEPENDENT DISTRICT**

A Meeting of the Board of Supervisors of North Sumter County Utility Dependent District was held on Thursday, January 17, 2019 at 9:00 a.m. the District Office Large Conference Room, 984 Old Mill Run, The Villages, Florida, 32162.

Board members present and constituting a quorum:

Charlie Smith	Chairman
Dominic Berardi	Vice Chairman
Tom Hosken	Board Director
Matt Friedland	Board Director
Richard Rademacher	Board Director
Diane Spencer	Board Director

Staff Present:

Richard Baier	District Manager
Kenny Blocker	Assistant District Manager
Lewis Stone	District Counsel
Sam Wartinbee	District Property Management Director
Barbara Kays	Budget Director
Anne Hochsprung	Finance Director
Brittany Wilson	Director of Technology and Board Services
Jennifer McQueary	District Clerk
Candice Lovett	Deputy District Clerk
Julie Kulas	Administrative Assistant

FIRST ORDER OF BUSINESS:

Call to Order

A. Roll Call

Chairman Smith called the meeting to order at 9:00 a.m. and stated for the record that six (6) Board Directors were present representing a quorum. Tom Farlow was absent.

B. Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

C. Observation of Moment of Silence

Chairman Smith led the Board and residents in a moment of silence.

D. Welcome Meeting Attendees

The Board welcomed the meeting attendees present.

CONSENT AGENDA:

Chairman Smith advised the Board that a motion to approve the Consent Agenda is a motion to approve all recommended actions. All matters on the Consent Agenda are routine and no discussion is required unless desired by a Board Supervisor or a member of the Public.

On MOTION by Dominic Berardi, seconded by Diane Spencer, with all in favor, the Board took formal action on the items included on the Consent Agenda:
SECOND ORDER OF BUSINESS: Approval of the Minutes from the Board Meetings held on November 15, 2018.
THIRD ORDER OF BUSINESS: Adoption of Resolution Nos. 19-02 and 19-03 updating the signatories of the North Sumter County Utility Dependent District bank accounts for Citizens First Bank and U.S. Bank.
FOURTH ORDER OF BUSINESS: Adoption of Resolution 19-04 amending the Fiscal Year 2018/2019 North Sumter Utility Fund Budget to carryforward the requested Fiscal Year 2017/2018 unspent budgeted funds.

FIFTH ORDER OF BUSINESS: Revised District Investment Policy

Kenny Blocker, Assistant District Manager, advised that the Investment Advisory Committee (IAC) has recommended revisions to the Districts' Investment Policies to provide for a 1-5 structured bond portfolio as an investment option if advantageous to the Districts, and to change the Investment Policy benchmarks which will no longer be fund specific but based on strategy. Staff is requesting that the Committee recommend adoption of the Revised District Investment Policy.

On MOTION by Matt Friedland, seconded by Dominic Berardi, with all in favor, the Board adopted Resolution 19-01 revising the North Sumter County Utility Dependent District Investment Policy effective the date of approval.

SIXTH ORDER OF BUSINESS: Approval to Conduct a Revenue Sufficiency Analysis Rate Study for Sumter Sanitation

Mr. Blocker advised that in December 2012 the North Sumter County Utility Dependent District (NSCUDD) completed the acquisition of Sumter Sanitation, LLC and assumed the rate of \$17.90 per month for sanitation services. To date there has been no change or increase to those rates. Mr. Blocker stated in order to maintain sustainability Staff is requesting that a current Revenue Sufficiency Analysis Utility Rate Study be conducted. The study will assess whether the current rates provide sufficient revenue or if increases are needed to maintain the debt service coverage ratio, maintain adequate working capital and fund additional renewal and replacement reserves. Mr. Blocker advised the study will be conducted by Stantec and will include a Revenue Sufficiency Analysis and a Cost Allocation and Rate Design which will be presented to management with recommendations for implementation.

Mr. Baier advised that the rate sufficiency studies will be conducted on a more routine schedule moving forward.

Board Director Rademacher inquired if the rates for the commercial sanitation pick up have had any increases. Mr. Blocker advised that there has been no increase to any of the rates. Board Director Rademacher inquired about the time frame for completion of the study. Mr. Blocker advised that the study would be completed in approximately 90-120 days.

On MOTION by Matt Friedland, seconded by Tom Hosken, with all in favor, the Board approved the Agreement with Stantec in the amount of \$24,093.00 and authorized the Chairman or Vice Chairman to execute the Agreement.
--

SEVENTH ORDER OF BUSINESS: Financial Statements

The Financial Statements as of November 30, 2018 were provided as information to the Board.

EIGHTH ORDER OF BUSINESS: Staff Reports

A. FEMA Update

Mr. Baier advised that the District has begun receiving a second round of requests for information relating to the request for reimbursement submitted with Federal Emergency Management Agency (FEMA) for expenditures relating to debris cleanup following Hurricane Irma, which Staff and the Districts' Consultants are responding to, and are providing the necessary clarification of authorities and operations of the Village Community Development Districts. An overview of the claims submitted for the District, the anticipated reimbursement to be received and the actual reimbursements have been provided as information. Staff responded to the Committee's inquiries.

Mr. Baier advised that the District recently conducted one of the two (2) Advanced Wastewater Workshops on Monday, January 14, 2019 from 10:00 a.m. until noon at Rohan Recreation Center and will conduct the second on Thursday, January 17, 2019 from 10:00 a.m. until noon at Savannah Recreation Center. These workshops will provide residents with an overview of the Districts' treatment of effluent wastewater within The Villages.

Mr. Baier advised that the necessary utility locates are being completed so that construction of the secondary access road from the North Sumter Utility (NSU)/Central Sumter Utility (CSU) facilities can begin.

NINTH ORDER OF BUSINESS: District Counsel Reports

There were no District Counsel Reports.

TENTH ORDER OF BUSINESS: Supervisor Comments

Board Director Hosken referred to the updated list of signatories that was approved as part of the Consent Agenda and inquired if it is standard procedure of the Districts to include John Rohan, Director of Recreation and Parks, as a signer. Mr. Baier advised that it has been standard procedure to include Mr. Rohan as a signer to ensure an appropriate number of management Staff Members are available to sign checks if necessary.

Board Director Hosken advised that he attended the Advanced Wastewater Workshop, found it very informational and suggested that a future workshop be held to address potable water. Mr. Baier responded to inquiries regarding the workshop.

Board Director Rademacher stated he would like to see more residents encouraged to sign up for e-billing.

Board Director Rademacher stated that in 2016 the District held a hazardous waste pickup and advised, as information, that Sumter County would be conducting a similar pickup on April 6th.

Board Director Rademacher stated that he would like to see a tour of the wastewater treatment facility offered for Camp Villages. Staff responded to additional inquiries.

ELEVENTH ORDER OF BUSINESS: Audience Comments

No audience comments were received.

TWELFTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 9:38 a.m.

On MOTION by Diane Spencer, seconded by Matt Friedland, with all in favor, the Meeting was adjourned.
--

Richard J. Baier
Secretary

Charlie Smith
Chairman



AGENDA REQUEST

TO: Board of Directors
North Sumter County Utility Dependent District

FROM: Anne Hochsprung, Finance Director

DATE: 2/14/2019

SUBJECT: **Acceptance of Audit Report for Fiscal Year 2017-2018**

ISSUE: The annual audit of the financial statements for the North Sumter County Dependent District for the Fiscal Year ending September 30, 2018, is complete and a copy is attached.

ANALYSIS/INFORMATION:

The financial statements need to be distributed to those entities that require submission. A representative of the audit firm of Purvis, Gray, and Company, LLP will present the financial statements to the Board for acceptance.

STAFF RECOMMENDATION:

Recommend the Board accept the Audit Report for Fiscal Year 2017 – 2018.

MOTION: Motion to accept the North Sumter County Dependent District Audit Report for Fiscal Year 2017 – 2018.

ATTACHMENTS:

Description	Type
❑ NSCUDD Audit Report	Cover Memo
❑ NSCUDD Auditor Letter	Cover Memo



NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Basic Financial Statements

September 30, 2018

(With Independent Auditors' Report Thereon)

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Table of Contents

	Page
Financial Section	
Independent Auditors' Report on the Financial Statements	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position – Proprietary Funds	8
Statement of Revenues, Expenditures and Changes in Fund Net Position – Proprietary Funds	9
Statement of Cash Flows – Proprietary Funds	10
Notes to Basic Financial Statements	11
Other Reports	
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 <i>Government Auditing Standards</i>	30
Management Letter	32
Independent Accountants' Report	34
Management Response Letter	35

ON THE COVER

The cover photograph was submitted by
Cheryl Horgan, Accounting Clerk, Utilities Billing & Customer Service Division
in the District Finance Department.

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of North Sumter Utility Dependent District (the District) as of and for the year ended September 30, 2018, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the District, as of September 30, 2018, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Durvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

The North Sumter County Utility Dependent District (the District) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activities and (c) identify changes in the District's financial position and its ability to address the next and subsequent year challenges.

Financial Highlights

- In Fiscal Year 2017-2018, North Sumter County Utility Dependent District showed an increase in net position of \$1,661,841. While operating at a positive cash position, the District experienced significant non-cash expenses of \$5,030,467 for depreciation and \$2,938,471 for amortization. The depreciation expense shows the using up of the capital assets over time that must be replaced or renovated in future years.
- The total net position as of September 30, 2018, is \$958,514. This year is the first year the District showed a positive net position. Of the total net position, \$29,821,436 of unrestricted net position exists that can be used at the discretion of the Board of Supervisors.
- Cash and cash equivalents on hand at the end of the year totaled \$40,424,464. In addition, the District has \$11,504,055 in liquid, short-term investments. This provides \$51,928,519 in readily available deposit and investment accounts, a growth of \$3,982,601 from the \$47,945,918 balance last year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: fund financial statements and notes to basic financial statements.

The Fund Financial Statements, which report by individual fund, begin on page 8. The **Statement of Net Position, Proprietary Funds** presents information on all of the District's assets and deferred outflows compared to liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the North Sumter County Utility Dependent District is improving or deteriorating.

The **Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds** presents information showing how the government's net position changed during the most recent Fiscal Year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of 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.

Statement of Cash Flows presents the impact on the District of the cash flows from operations, capital and financing activities and investing activities.

Government-wide financial statements are not required of the District since it is a special purpose government with two proprietary funds. The District has no governmental activities. The business-type activities of the District include water and sewer and reclaimed water utilities and trash collection services serving a portion of The Villages. The District has no component units, as all functions are performed by the primary government.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

District established the Utility Enterprise Fund in 2010, prior to the utilities purchase and the Sumter Sanitation Fund in 2012, prior to purchasing the trash collection rights. The two enterprise funds are the two operating proprietary funds for the District. Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

Proprietary funds. The District maintains two proprietary funds. The District operates the Utility Enterprise Fund to provide water, wastewater and reclaimed water services to customers in a geographical area bounded by County Road 466 on the north, County Road 466A on the south, the Lake/Sumter County line on the east and the western boundary of The Villages. The District Operates the Sumter Sanitation Fund in the Marion and Sumter County and the City of Fruitland Park portions of The Villages to provide trash, yard waste and recycling collection services to residents and businesses. The preceding funds meet the GASB 34 criteria to be considered major funds. The basic proprietary fund financial statements can be found on pages 8-10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found beginning on page 11 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$958,514 as of September 30, 2018, representing an increase of \$1,661,841 from the net position of (\$703,327) as of September 30, 2017. The increase in net position for September 30, 2018, is due to a decrease in charges for services of \$440,887 with an increase of \$650,896 in expenses.

The District's net position is categorized as follows, as of September 30, 2018:

Net Investment in Capital Assets. This portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

Restricted for debt service. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's restricted net position is for purposes of meeting its debt service obligations.

Restricted for renewal and replacement. As required in the Series 2010 Bond Indenture, a minimum of 2% of the prior year's revenue must be set aside in the Utility Enterprise Fund to ensure capital renewals and replacements are adequately funded.

Unrestricted net position. The remaining balance of the District's net position may be used to meet the District's ongoing obligations to residents and creditors.

Table 1, below, reflects the summary statement of net position for the current and prior years.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

Table 1

	Business-type Activities	
	September 30,	
	2018	2017
Assets:		
Current assets	\$ 34,292,405	30,660,879
Restricted assets	21,906,783	21,423,315
Capital assets (net of accumulated depreciation)	93,072,400	96,517,605
Bond insurance costs (net of accumulated amortization)	986,234	1,025,422
Intangible assets (net of accumulated amortization)	73,120,407	75,821,690
Total Assets	<u>223,378,229</u>	<u>225,448,911</u>
Liabilities:		
Current liabilities	12,450,068	11,610,402
Long term debt:		
Due in one year	1,524,758	2,076,213
Due in more than one year	208,444,889	212,465,623
Total Liabilities	<u>222,419,715</u>	<u>226,152,238</u>
Net position:		
Net investment in capital assets	(33,525,127)	(31,279,876)
Restricted for debt service	4,245,871	3,942,779
Restricted for renewal and replacement	416,334	416,334
Unrestricted	29,821,436	26,217,436
Total net position	<u>\$ 958,514</u>	<u>(703,327)</u>

Business-type Activities

Business-type activities increased the District's net position by \$1,661,841 during the year ended September 30, 2018.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT
Management's Discussion and Analysis
September 30, 2018

Table 2, below, reflects the summary statement of activities for the current and prior years.

Table 2

		Business-type Activities	
		September 30,	
		2018	2017
Business activity revenues			
Charges for physical environment services	\$	33,546,262	34,447,590
Investment income		901,456	640,857
Contributions - private sources & donations		186,941	-
Rents and royalties		222,125	211,153
Sale of surplus materials and scrap		21,118	19,189
Total revenues		<u>34,877,902</u>	<u>35,318,789</u>
Business activity expenses			
Physical environment		13,655,063	12,950,012
Interest on long-term debt		11,592,060	11,782,773
Depreciation (unallocated)		5,030,467	4,893,909
Amortization expense		2,938,471	2,938,471
Total expenses		<u>33,216,061</u>	<u>32,565,165</u>
Changes in net position	\$	<u>1,661,841</u>	<u>2,753,624</u>

Capital Assets

The District's capital assets as of September 30, 2018, and September 30, 2017, amounted to \$93,072,400 and \$96,517,605, respectively. This is net of accumulated depreciation and includes buildings and structures, improvements other than buildings, and machinery and equipment. Almost all of the capital assets represent the book value of the capital assets as recorded in the books of the two acquired utilities as of the date of acquisition and assets completed subsequent to the transfer and paid out of the bond construction fund.

Additional information regarding the District's capital assets can be found in Note 3 to the Notes to Basic Financial Statements.

Long-term Debt

As of September 30, 2018, and September 30, 2017, the District had long-term debt outstanding of \$214,006,102 and \$218,341,836, respectively.

Additional information regarding the District's long-term debt can be found in Note 5 to the Notes to Basic Financial Statements.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Management's Discussion and Analysis

September 30, 2018

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate in Sumter County where the District is located was 4.3 percent in September 2018 which is a decrease from a rate of 4.7 percent a year ago. The State's average unemployment rate is 3.5 percent and is below the national average rate of 3.7 percent.
- Inflationary trends in the area are comparable to national indices. The national Consumer Price Index (CPI) annual change for all urban consumers changed from 2.23 percent in September 2017 to 2.28 percent in September 2018.

These factors were considered in preparing the District's budget for the 2018-2019 Fiscal Year. The revenue budget for the North Sumter Utility Fund is projected to decrease by \$1,826,259, primarily due to an expected decrease in metered irrigation water, offset by other minor increases and decreases. The expenditure budget for the North Sumter Utility Fund is projected to decrease by \$218,288, mainly due to a \$800,340 decrease in capital outlay, an increase in repairs and maintenance of \$274,828 and an increase of \$193,191 in other contractual services, offset by other minor increases and decreases.

The revenue budget for Sumter Sanitation Fund is projected to have a slight increase of \$3,950. The expenditures are projected to increase by \$88,393 over the prior year amended budget. This is primarily due to the increase in contractual services of \$193,835 and a decrease in other current charges and obligations of \$151,528, offset by other minor increases and decreases.

Requests for Information

The District's financial statements are designed to present users (residents, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact the North Sumter County Utility Dependent District, Finance Department, at 984 Old Mill Run, The Villages, FL 32162; Telephone (352) 753-0421.

North Sumter County Utility Dependent District

Statement of Net Position

Proprietary Funds

September 30, 2018

Assets	North Sumter Utility	Sumter Sanitation	NSCUDD Total
Current assets:			
Cash and cash equivalents	\$ 16,076,007	2,441,674	18,517,681
Restricted cash and cash equivalents	7,616,456	2,464,606	10,081,062
Investments	10,675,802	828,253	11,504,055
Accounts receivable, net	2,875,384	984,200	3,859,584
Due from developer	-	251,824	251,824
Accrued interest receivable and prepaids	41,742	14,571	56,313
Inventory	-	102,948	102,948
Total current assets	<u>37,285,391</u>	<u>7,088,076</u>	<u>44,373,467</u>
Non-current assets:			
Restricted cash and cash equivalents	8,049,106	3,776,615	11,825,721
Capital assets:			
Non depreciable assets	460,422	-	460,422
Depreciable assets (net of accumulated depreciation)	92,611,978	-	92,611,978
Bond insurance costs (net of accumulated amortization)	986,234	-	986,234
Intangible assets (net of accumulated amortization)	28,897,421	44,222,986	73,120,407
Total non-current assets	<u>131,005,161</u>	<u>47,999,601</u>	<u>179,004,762</u>
Total assets	<u>168,290,552</u>	<u>55,087,677</u>	<u>223,378,229</u>
Liabilities			
Current liabilities:			
Accounts payable	398,983	655,945	1,054,928
Accrued expenses and other current liabilities	96,521	25,937	122,458
Accrued interest payable	4,476,651	1,287,251	5,763,902
Due to other governments	863,088	544	863,632
Utility guarantee deposit	-	71,288	71,288
Unearned revenue	4,234	533,171	537,405
Current installment - due to developer	-	600,000	600,000
Current installments of revenue bonds payable	3,015,000	1,070,000	4,085,000
Total current liabilities	<u>8,854,477</u>	<u>4,244,136</u>	<u>13,098,613</u>
Non-current liabilities:			
Due to developer	-	876,213	876,213
Revenue bonds payable	157,351,110	51,093,779	208,444,889
Total non-current liabilities	<u>157,351,110</u>	<u>51,969,992</u>	<u>209,321,102</u>
Total liabilities	<u>166,205,587</u>	<u>56,214,128</u>	<u>222,419,715</u>
Net position			
Net investment in capital assets	(29,360,949)	(4,164,178)	(33,525,127)
Restricted for:			
Debt service	3,139,804	1,106,067	4,245,871
Renewal and replacement	416,334	-	416,334
Unrestricted	27,889,776	1,931,660	29,821,436
Total net position	<u>\$ 2,084,965</u>	<u>(1,126,451)</u>	<u>958,514</u>

See accompanying notes to basic financial statements.

North Sumter County Utility Dependent District

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended September 30, 2018

	<u>North Sumter Utility</u>	<u>Sumter Sanitation</u>	<u>NSCUDD Total</u>
Operating revenues:			
Charges for services:			
Water revenue	\$ 4,353,806	-	4,353,806
Sewer revenue	7,380,360	-	7,380,360
Irrigation revenue	9,244,223	-	9,244,223
Solid waste revenue	-	12,379,926	12,379,926
Miscellaneous revenue	132,762	18,498	151,260
Rents and royalties	222,125	-	222,125
Other Fees	20,446	16,241	36,687
Total operating revenues	<u>21,353,722</u>	<u>12,414,665</u>	<u>33,768,387</u>
Operating expenses:			
Contractual operation and maintenance services	3,355,948	6,717,312	10,073,260
General and administrative services	212,655	1,416,720	1,629,375
Engineering services	260,073	-	260,073
Utility services	1,022,681	-	1,022,681
Repair and maintenance services	279,722	52,533	332,255
Insurance, casualty and liability	200,253	-	200,253
Meter and operating supplies	136,101	1,065	137,166
Depreciation expense	5,030,467	-	5,030,467
Amortization expense	1,187,430	1,751,041	2,938,471
Total operating expenses	<u>11,685,330</u>	<u>9,938,671</u>	<u>21,624,001</u>
Operating income	<u>9,668,392</u>	<u>2,475,994</u>	<u>12,144,386</u>
Non-operating revenue (expenses):			
Investment income	755,118	146,338	901,456
Contributions - private sources & donations	186,941	-	186,941
Interest expense	(9,045,634)	(2,546,426)	(11,592,060)
Sale of surplus materials and scrap	21,118	-	21,118
Total non-operating revenue (expenses)	<u>(8,082,457)</u>	<u>(2,400,088)</u>	<u>(10,482,545)</u>
Change in net position	1,585,935	75,906	1,661,841
Total net position, beginning	<u>499,030</u>	<u>(1,202,357)</u>	<u>(703,327)</u>
Total net position, ending	<u>\$ 2,084,965</u>	<u>(1,126,451)</u>	<u>958,514</u>

See accompanying notes to basic financial statements.

North Sumter County Utility Dependent District
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2018

	<u>North Sumter Utility</u>	<u>Sumter Sanitation</u>	<u>NSCUDD Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 21,039,763	12,637,641	33,677,404
Payments to suppliers	(4,848,601)	(8,749,306)	(13,597,907)
Net cash provided (used) by operating activities	<u>16,191,162</u>	<u>3,888,335</u>	<u>20,079,497</u>
Cash flows from capital and related financing activities:			
Principal paid on debt	(2,830,000)	(970,000)	(3,800,000)
Contributions from others	186,941	-	186,941
Acquisition of intangible assets	-	(198,000)	(198,000)
Acquisition of capital assets	(1,585,262)	-	(1,585,262)
Interest paid on debt	(9,024,399)	(2,598,750)	(11,623,149)
Net cash (used in) provided by capital and related financing activities	<u>(13,252,720)</u>	<u>(3,766,750)</u>	<u>(17,019,470)</u>
Cash flows from investing activities:			
Proceeds from sale of surplus material and scrap	21,118	-	21,118
Purchase of investments	(257,270)	(4,417)	(261,687)
Interest on investments	755,118	146,338	901,456
Net cash provided (used) by investing activities	<u>518,966</u>	<u>141,921</u>	<u>660,887</u>
Net increase (decrease) in cash and cash equivalents	<u>3,457,408</u>	<u>263,506</u>	<u>3,720,914</u>
Cash and cash equivalents, beginning of year	28,284,161	8,419,389	36,703,550
Cash and cash equivalents, end of year	<u>31,741,569</u>	<u>8,682,895</u>	<u>40,424,464</u>
Reconciliation of cash and cash equivalents per			
Statement of cash flows to the statement of net assets:			
Cash per statement of net position:			
Unrestricted cash and cash equivalents	16,076,007	2,441,674	18,517,681
Restricted cash and cash equivalents - current	7,616,456	2,464,606	10,081,062
Restricted cash and cash equivalents - non-current	8,049,106	3,776,615	11,825,721
Cash and cash equivalents	<u>31,741,569</u>	<u>8,682,895</u>	<u>40,424,464</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	9,668,392	2,475,994	12,144,386
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,030,467	-	5,030,467
Amortization	1,187,430	1,751,041	2,938,471
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(318,193)	214,284	(103,909)
Prepaid expenses	(20,364)	(8,120)	(28,484)
Increase (Decrease) in:			
Accounts payable	111,219	561,750	672,969
Due to other governments	445,500	223	445,723
Due to developer	-	(600,000)	(600,000)
Unearned revenue	4,234	8,692	12,926
Accrued expenses and other current liabilities	82,477	(516,777)	(434,300)
Utility Guarantee Deposit	-	1,248	1,248
Net cash provided by operating activities	<u>\$ 16,191,162</u>	<u>3,888,335</u>	<u>20,079,497</u>

See accompanying notes to basic financial statements.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The North Sumter County Utility Dependent District (the District) was established in July 2010 to manage and finance basic potable water, wastewater treatment and reclaimed water services for approximately 7,721 acres of land located in unincorporated Sumter County in The Villages, Florida. The District was created on July 13, 2010, by Sumter County, Florida, in Ordinance No. 2010-10, pursuant to the provisions of Chapter 189 of the *Florida Statutes*, and operates within the criteria established by Chapter 189. As a result of purchase of the rights to collect solid waste in the entire Sumter County portion of The Villages, the District's governing Board was increased from five members to seven members who were initially appointed by the Board of County Commissioners for terms from two to four years. This change was enacted in Ordinance No. 2012-17 on December 11, 2012. Following the expiration of the initial terms, all Board members will be elected by qualified electors (registered voters) as follows. Seat Number 1 must be a resident of Village Community Development District No. 5 and will be elected only by qualified electors of District No. 5. In the same manner, Seat Numbers 2, 3, 4, 5 and 6 must be a resident and elected by qualified electors in Village Community Development Districts 6, 7, 8, 9 and 10, respectively. Seat number 7 will be filled by an at-large election held in Districts 5, 6, 7, 8, 9 and 10 by a resident of any of the Districts 5, 6, 7, 8, 9 or 10. As of September 30, 2018, all seven seats (numbers 1 and 7) have been elected by qualified electors.

The service area of the North Sumter County Utility Dependent District was expanded to include solid waste collection services for the entire Sumter County portion of The Villages. The City of Wildwood and Marion County entered into interlocal agreements with the District on November 20, 2012, authorizing the District to provide solid waste collection services in portions of their jurisdictions, including Brownwood District and District No. 4. The City of Fruitland Park entered into an interlocal agreement with the District on June 12, 2014, authorizing the District to provide solid waste collection services in the portion of their jurisdiction that lies within The Villages.

The District provides solid waste collection and disposal, water, wastewater and reclaimed water utility services to residents of a portion of the retirement community known as The Villages, located in The Villages, Florida. The Villages spans approximately 51 square miles across the borders of Lake, Sumter and Marion Counties, the City of Wildwood, the City of Fruitland Park and the Town of Lady Lake, Florida, and when fully developed is expected to include approximately 75,000 residences and 150,000 residents. The Villages of Lake-Sumter, Inc. was the developer and initial owner of the property within the District.

The North Sumter Utility Dependent District (NSCUDD) was formed by Sumter County as a special purpose government to acquire the privately owned North Sumter Utility Company, LLC and the Village Water Conservation Authority, LLC. These two companies operated the potable water and sewage systems and the non-potable irrigation system, respectively, for the portion of The Villages bounded by CR 466 on the north, CR 466A on the south, the Lake County line on the east and the boundary of The Villages on the west. On December 7, 2010, NSCUDD purchased the utilities previously owned by the two private companies. On December 27, 2012, the District's authority was expanded by the purchase of the solid waste

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity (continued)

collection and disposal rights from The Villages of Lake Sumter, Inc. for the Sumter and Marion County portions of The Villages.

The Sumter Landing Community Development District, through interlocal agreements with the Village Center Community Development District and NSCUDD provides certain administrative, accounting and financial management, operational and other support to NSCUDD. There are no component units that are legally separate from the District. In addition to NSCUDD, there are fifteen Community Development Districts (CDD's) in the total governmental structure of The Villages, each being a separate government entity, established pursuant to Chapter 190, Florida Statutes.

The following community development districts have been formed:

- Village Center CDD (Lake, Marion and Sumter Counties) – This CDD provides water and sewer utility services, recreation services, security services, fire protection, and paramedic services to the residents. The cost of operations is funded by amenity and utility fees that residents pay monthly. This CDD also provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments.
- Sumter Landing CDD (Sumter County) – This CDD provides recreation and security services to the residents. The cost of operations is funded by amenity fees that residents pay monthly. This CDD also provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments.
- Brownwood CDD (Sumter County) – Brownwood CDD (Sumter County) – This CDD was newly established in June 2012 by the City of Wildwood, Florida and is located at the southern end of The Villages. This CDD provides for the maintenance of common areas and roadways for the commercial areas within the CDD boundaries. The cost of maintenance in the commercial areas is funded through commercial maintenance assessments as the new downtown area builds out.
- Village CDD No. 1 (Sumter County) – This CDD's boundary consists of approximately 993 acres in the northeast corner of the county. The development included construction of 3,420 residential units.
- Village CDD No. 2 (Sumter County) – This CDD's boundary consists of approximately 990 acres in the northeast corner of the county. The development included construction of 3,668 residential units.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity (continued)

- Village CDD No. 3 (Sumter County) – This CDD’s boundary consists of approximately 894 acres in the northeast corner of the county. The development included construction of 3,762 residential units.
- Village CDD No. 4 (Marion County) – This CDD’s boundary consists of approximately 1,253 acres in the southern portion of the county. The development included construction of 5,432 residential units of which 85 remain unsold as of the end of the Fiscal Year.
- Village CDD No. 5 (Sumter County) – This CDD’s boundary consists of approximately 1,407 acres in the northeast corner of the county. The development included construction of 6,399 residential units.
- Village CDD No. 6 (Sumter County) – This CDD’s boundary consists of approximately 1,497 acres in the northeast corner of the county. Planned development included construction of 6,697 residential units of which 1 remains unsold as of the end of the Fiscal Year.
- Village CDD No. 7 (Sumter County) – This CDD’s boundary consists of approximately 976 acres in the northeast corner of the county. The development included construction of 4,765 residential units.
- Village CDD No. 8 (Sumter County) – This CDD’s boundary consists of approximately 1,098 acres in the northeast corner of the county. The development includes construction of 5,193 residential units of which 60 remain unsold and are being used as lifestyle preview homes by the Developer.
- Village CDD No. 9 (Sumter County) – This CDD’s boundary consists of approximately 1,299 acres in the northeast corner of the county. The development included construction of 5,409 residential units.
- Village CDD No. 10 (Sumter County) – This CDD’s boundary consists of approximately 1,490 acres in the northeast corner of the county. Planned development includes construction of 6,639 residential units of which 115 remain unsold as of the end of the Fiscal Year.
- Village CDD No. 11 (Lake County) – This CDD’s boundary consists of approximately 693 acres within the city limits of Fruitland Park in the western portion of Lake County. Planned development includes construction of 2,055 residential units of which 34 remain unsold as of the end of the Fiscal Year.
- Village CDD No. 12 (Sumter County) – This CDD’s boundary consists of approximately 1,483 acres within the city limits of the City of Wildwood in the northeast corner of the county. Planned development includes construction of 6,144 residential units of which 4,608 remain unsold as of the end of the Fiscal Year.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(b) *Basic Financial Statements*

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

Fund Financial Statements

The basic financial statements include fund financial statements. The financial reporting model focus is on the District as a whole, with only two proprietary funds. The statement of net position reports the proprietary activities of the District (a) on a government-wide basis and (b) on a full accrual basis, using the economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The statement of revenues, expenses and changes in fund net position - proprietary funds, reflects the revenues and expenses of the District.

The District's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets the criteria set forth in GASB Statement 34. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets net of accumulated depreciation less outstanding capital asset related debt.

Restricted net position is assets that have third party (statutory, bond covenant or granting agency) or enabling legislation limits on their use. The District would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted net position represents net position not included in *net investment in capital assets* or *restricted net position*.

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, including utilities charges, are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The following are the District's two major enterprise funds, a category of proprietary funds:

North Sumter County Utility Dependent District Utility Enterprise Fund

The principal operating revenues of the District's North Sumter Utility fund are charges to customers for water, wastewater and non-potable irrigation water services. This fund is used to account for all costs of providing services on a continuing basis to customers located in the

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont.)*

North Sumter County Utility Dependent District Utility Enterprise Fund (continued)

Village Community Development District Nos. 5, 6, 7, and 8 residential areas and the Sumter Landing Community Development District commercial areas in Sumter County.

Sumter Sanitation Fund

The principal operating revenues of the District's Sumter Sanitation Fund are the residential and commercial trash collection fees for solid waste collection services. The fund is used to account for all operating costs for providing the solid waste collection and disposal services to residential customers located in Village Community Development District Nos. 1-11 and the commercial customers of both Sumter Landing and Brownwood Community Development Districts.

There are no non-major funds within the District.

The District uses enterprise funds, a type of proprietary funds, to account for the operations and maintenance of the water, sewer and reclaimed water utility systems and solid waste collection and disposal services that are financed and operated in a manner similar to private business enterprises, where the costs of providing services on a continuing basis are financed through user charges.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, depreciation of capital assets, and amortization of intangible assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(d) *Budgetary Data*

Legal authority and control are established in accordance with Chapter 189 of Florida Statutes. Annual budgets are adopted and approved by the Board Members. Annual budgets are then approved by the Board of County Commissioners. Annual budgets, as well as subsequent amendments, are adopted for all funds on a basis consistent with GAAP. All budget amounts presented in the statements reflect the original budget and the amended budget if so amended.

(e) *Assets, Liabilities, and Net Position*

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition. The District also holds assets that are defined as investments. The District's investments are recorded at fair value unless the investment qualifies as an

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(e) *Assets, Liabilities, and Net Position (continued)*

1. Deposits and Investments (continued)

external investment pool and follows the guidance in GASB Statement No. 79, which allows the investment to be recorded at amortized cost.

2. Capital Assets

Capital assets are reported in the proprietary fund financial statements. As defined by the District, capital assets are assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of capital assets is computed using the straight-line method. Estimated useful lives of the assets are as follows:

Buildings and structures	15-40 years
Improvements other than buildings	10-40 years
Machinery and equipment	5-10 years

3. Intangible Assets

Intangible assets represent the discounted value of future utilities service fees and sanitation collection fees to amortize the difference between the recorded value of the capital assets and the purchase price of the two utilities and sanitation system acquired, and are capitalized at cost at the date of acquisition. Intangible assets are amortized on a straight-line basis over an estimated useful life of 40 years for the utility intangible assets and 30 years for the solid waste collection rights intangible assets.

4. Compensated Absences

The District contracts out all services and at the current time has no paid employees or compensated absence balances.

(f) *Bond Discounts, Bond Premiums and Issuance Costs*

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts and insurance are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

(g) *Use of Estimates*

The preparation of financial statements requires management of the District to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(1) Summary of Significant Accounting Policies (continued)

(g) *Use of Estimates (continued)*

reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(h) *Restricted Assets – Proprietary Funds*

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted assets in the form of cash and cash equivalents that will be used to pay current liabilities are classified as current assets in the accompanying statement of net position.

The resolutions authorizing the utility revenue bonds require that the District establish sinking fund and reserve accounts in amounts that equal the Reserve Account Requirements, which are defined in the Bond Trust Indentures. In addition, the utility bond resolution requires that a renewal and replacement reserve be established. The renewal and replacement reserve deposits are maintained as restricted assets until such time as needed to fund those necessary water and sewer system renewals and replacements. The purchase and sale agreement provides that all utility system development charges remain the property of the seller. These funds are therefore collected directly by the seller.

(i) *Accounts Receivable*

Accounts receivable in the North Sumter Utility and Sumter Sanitation proprietary funds consist of amounts due for charges for water, sewer and non-potable irrigation water, and amounts owed by sanitation customers for services rendered. For uncollectible accounts receivable, the allowance method is used.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments

Short-term Portfolio

As of September 30, 2018, the District had the following deposits and investments:

Deposits and Investment Types	Fair Value at September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
Demand Deposits, CFB	\$ 1,656,740	1.0	n/a
Florida Education Investment Trust Fund, FEITF	6,135,328	37.0	AAAm
U.S. Bank - State Board of Administration, Florida Prime TM	21,906,782	72.0	AAAm
Florida Cooperative Liquid Assets Securities System, FLCLASS	10,725,614	49.0	AAAm
Florida Local Government Investment Trust, FLGIT	4,714,827	708.1	AAAf/S1
Florida Fixed Income Trust Enhanced Cash, FLFIT	3,821,534	321.2	AAAf/S1
Total Fair Value	<u>\$ 48,960,825</u>		
Portfolio Weighted Average Maturity (WAM)		140.9	

Interest Rate Risk. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. GASB 40 requires that interest rate risk be disclosed using one of the five approved methods. The five methods are: segmented time distribution, specific identification, Weighted Average Maturity (WAM), duration, and simulation model. The District has used the WAM method in the above chart. In accordance with the District's investment policy, the government manages its exposure to decline in fair values by limiting the WAM of its investment portfolio to less than three years. The WAM on September 30, 2018, was 140.9 days.

Credit Risk. GASB 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities. Investments may be aggregated by ratings categories within the disclosure. Ratings are set by nationally recognized statistical rating organizations (Fitch, Moody's, and Standard and Poor's (S&P)). S&P provides the ratings for the Florida Education Investment Trust Fund (FEITF), Florida Local Government Investment Trust (FLGIT), Florida Cooperative Liquid Assets Securities System (FLCLASS), Florida Fixed Income Trust Enhanced Cash Pool (FLFIT), and the State Board of Administration, Florida PrimeTM.

Operating cash is maintained with Citizens First Bank (CFB), a Qualified Public Depository, pursuant to Chapter 280, Florida Statutes. Interest earned on the deposits totaled \$23,758 during the Fiscal Year.

The District's investments consist of funds placed with three entities:

- The State Board of Administration (SBA) for participation in the Local Government Investment Pool (Florida PrimeTM) created by Section 218.415, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PrimeTM, an external investment pool, are reported at amortized cost. Combined earnings during the year from Florida PrimeTM were \$99.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Short-term Portfolio (continued)

Credit Risk (continued)

- US Bank is the trustee for the restricted debt service trust accounts deposited with the Local Government Investment Pool (Florida PrimeTM). The District recognized \$323,461 in bond fund earnings from Florida PrimeTM during the 2018 Fiscal Year.
- Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool and is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. The District's investments in FLCLASS are reported at amortized cost. The District recognized \$187,744 in earnings from FLCLASS during the Fiscal Year 2018.
- Florida Education Investment Trust Fund (FEITF) is a common law trust and is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. The District's investments in FEITF are reported at amortized cost. The District recognized \$104,708 in earnings from FEITF during the Fiscal Year 2018.

The District's short-term investments consist of funds placed with the following entities:

- The District had investments consisting of funds placed with the Florida League of Cities, Inc. for participation in the Florida Municipal Investment Trust (FMIVT) investment pool. The pool is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. The District owns shares in the 1-3 Year High Quality Bond Fund pool operated by the FMIVT. GASB 31 requires all governments to mark to market the unrealized gains and losses incurred in its investments. In the year ended September 30, 2018, the FMIVT had realized gains of \$6,343 due to the closing of the District's participation in this pool prior to the end of the fiscal year.
- The District also has investments in the Florida Local Government Investment Trust (FLGIT), a pool sponsored by the Florida Association of Counties and the Florida Court Clerks and Comptrollers. The pool is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. GASB 31 requires all governments to mark to market the unrealized gains and losses incurred in its investments. As of September 30, 2018, the FLGIT account had incurred unrealized gains of \$21,177. The unrealized gains will not be realized until the sale of underlying shares in the FLGIT pool.

The District initiated investments during the fiscal year with Florida Fixed Income Trust Enhanced Cash Pool (FLFIT), an independent local government investment pool and is an authorized investment consistent with Section 218.415(16)(a), Florida Statutes, and the District's short-term investment policy. GASB 31 requires all governments to mark to market the unrealized gains and losses incurred in its investments. In the year ended September 30, 2018, the FLFIT had realized gains of \$19,302, and unrealized gains of \$118.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Short-term Portfolio (continued)

Credit Risk (continued)

- The unrealized gains will not be realized until the sale of underlying shares in the FLFIT pool.
- In total, the District recognized investment income of \$686,710 for the short-term portfolio during the Fiscal Year.

Concentration of Credit Risk. The District's short-term investment policy requires the diversification of its investment portfolio. Investments may be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer or business sector;
- Limiting investments in securities with higher credit risks;
- Investment in securities with varying maturities; and
- Continuously investing a portion of the portfolio in readily available funds, such as the Florida PrimeTM, money market funds, or overnight repurchase agreements to ensure the appropriate liquidity is maintained to meet ongoing obligations.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District invests its operating cash solely in Qualified Public Depositories that meet the requirements of Chapter 280, Florida Statutes. In addition to protection of up to \$250,000 for its deposits with a single bank as provided by the Federal Deposit Insurance Corporation (FDIC), the District's deposits are provided the extra level of security afforded by using a public depository that meets the requirements of Chapter 280. This includes the provision by the public depository of collateral based on the amount of public deposits maintained at the institution and the ability of the State of Florida to levy other public depositories for shortages in collateral in the event of the failure of a public depository. The Citizens First Bank is a Qualified Public Depository.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are held in the name of the District by a custodian or a trustee for the District.

Short-Term Investment Policy. The District is authorized to invest in those financial instruments as established by the short-term investment policy of the District. This policy allows investments authorized under Section 218.415, Florida Statutes, amended to include Repurchase Agreements and prohibiting derivative-type investments. The authorized investments consist of:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Short-term Portfolio (continued)

Short-Term Investment Policy (continued)

- Securities and Exchange Commission registered money market mutual funds with the highest credit quality rating from a nationally-recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Repurchase agreements with financial institutions approved as public depositories, provided that the underlying collateral consists of obligations of the United States Government, its agencies and instrumentalities. The repurchase agreement shall be collateralized equal to at least 102 percent of the value of the District's investment.

Fair Value Measurement. The District holds assets that are defined as short-term investments. The District's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 inputs-are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 inputs-are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs-are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The following short-term investments are recorded at fair value:

- Florida Local Government Investment Trust (FLGIT)
- Florida Fixed Income Trust Enhanced Cash Pool (FLFIT)

Under the fair value hierarchy, all of these investments are considered to be Level 2.

The District's holds investments in qualified external investments pools that measure all of its investment at amortized cost for financial reporting purposes. These investments are recorded at amortized cost. The following investments are recorded at amortized costs and are not subject to the fair value hierarchy:

- Florida Local Government Investment Pool (Florida Prime™)

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Short-term Portfolio (continued)

Fair Value Measurement (continued)

- Florida Cooperative Liquid Assets Securities System (FLCLASS)
- Florida Education Investment Trust Fund (FEITF)

None of the pools have limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates.

Long-Term Portfolio

In August of 2014, the District adopted a Long-Term Investment Policy (LTIP). Implementation of the LTIP occurred in October of 2014. Investments in fixed income and equity mutual funds, and money market funds, as authorized in the LTIP, are reported at fair value as of September 30, 2018, as follows:

Long Term Investment Portfolio	Fair Value at September 30, 2018	Average Maturity (years)	Credit Rating
Domestic Equity			
Vanguard Total Stock Market Index	\$ 1,144,448	N/A	N/A
T. Rowe Price Dividend Growth	242	N/A	N/A
iShares Edge MSCI USA Quality Factor	62,265		
iShares Core SP Small-Cap ETF	64,296		
International Equity			
Vanguard Total International Stock Index	200,255	N/A	N/A
Vanguard International Value	131,545	N/A	N/A
J. O. Hambro International Select	163,362	N/A	N/A
Oppenheimer International Small-Mid Company	82,022	N/A	N/A
Hartford Schroders Emerging Markets Equity	59,048		
Fixed Income			
Baird Core Plus	347,179	7.95	A
DoubleLine Core Fixed Income I	157,118	7.09	A
PGIM Total Return	104,126	7.40	A
Vanguard Intermediate-Term Investment Grade	347,291	5.90	A
Vanguard High Yield Corporate	97,015	5.40	BB
Cash Equivalent			
First American Government Obligation	7,482	24 Days	AAAm
Total Fair Value	\$ <u><u>2,967,694</u></u>		

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Long-Term Portfolio (continued)

The District's LTIP allocations seek to have up to 60% in equities with the remainder in fixed income and/or cash and cash equivalents. The District contracts with qualified investment managers to whom authority is delegated to invest and reinvest assets in accordance with the LTIP. The District's LTIP does not place specific limits on maturities. During the current Fiscal Year, the Long-Term Investment Portfolio had an unrealized gain of \$214,746. The realization of the gain will only occur from the future sale of underlying shares in the portfolio.

Interest Rate Risk. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The District's LTIP addresses managing its exposure for changes in interest rate through maintaining diversification of its investments to minimize the impact of downturns in the market.

Credit Risk. GASB 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, fixed income mutual funds, money market funds, and other pooled investments of fixed income securities. The District's LTIP stipulates that the average credit rating of the overall fixed income portfolio should be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization (NRSRO), such as Fitch, Moody's, Standard and Poor's (S&P), etc.

Concentration of Credit Risk. The District's LTIP requires the diversification of its portfolio. The LTIP contains an Asset Allocation Target with the objective of achieving an average total rate of return that is equal to or greater than the portfolio's target rate of return over the long-term. The Asset Allocation Targets are as follows:

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets		
Domestic Equity	20% - 60%	40%
International Equity	0% - 40%	20%
Other	0% - 20%	0%
Income Assets		
Fixed Income	20% - 60%	40%
Other	0% - 20%	0%
Real Return Assets	0% - 20%	0%
Cash Equivalents	0% - 20%	0%

Custodial Credit Risk - Investments. For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are held in the name of the District by a custodian or a trustee for the District.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(2) Deposits and Investments (continued)

Long-Term Portfolio (continued)

Long-Term Investment Policy. The District is authorized to invest in those financial instruments as established by the LTIP of the District. The LTIP was developed in accordance with Section 218.415, Florida Statutes, and prohibits direct investment in derivative-type investments. The authorized investments consist of:

- Domestic and International Equities
- Fixed Income Securities
- Other Assets (Alternatives)
 - Real Estate Investment Trust (REIT)
 - Treasury Inflation Protected Securities (TIPS)
- Cash Equivalents

The objectives of the LTIP are to diversify investments in order to minimize the impact of large losses from individual investments; provide funding for anticipated withdrawals; enhance the value of the portfolio in real terms over the long-term through asset appreciation and income generation,

while maintaining a reasonable investment risk profile; minimize principal fluctuations over the time horizon (five years or longer); and achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the performance expectation (an average total annual rate of return that is equal to or greater than the portfolio's hurdle rate of 5%).

The time horizon for the LTIP is five years or longer.

Foreign Currency Risk. The District's LTIP does not allow for direct investments in foreign currency.

Fair Value Measurement. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

In the long-term portfolio, all applicable investments are measured utilizing Level 2 inputs.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(3) Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Assets not being depreciated:				
Land	\$ 288,338	-	-	288,338
Construction in progress	271,616	198,369	(297,902)	172,083
Total assets not being depreciated	<u>559,954</u>	<u>198,369</u>	<u>(297,902)</u>	<u>460,421</u>
Assets being depreciated:				
Buildings and structures	14,870,732	361,235	-	15,231,967
Infrastructure	94,929,320	1,323,560	-	96,252,880
Furniture & fixtures	18,062,595	-	(122,796)	17,939,799
Total assets being depreciated	<u>127,862,647</u>	<u>1,684,795</u>	<u>(122,796)</u>	<u>129,424,646</u>
Total assets	<u>128,422,601</u>	<u>1,883,164</u>	<u>(420,698)</u>	<u>129,885,067</u>
Less accumulated depreciation for:				
Buildings and structures	(3,634,227)	(542,470)	-	(4,176,697)
Infrastructure	(19,495,193)	(3,257,606)	-	(22,752,799)
Furniture & fixtures	(8,775,576)	(1,230,391)	122,796	(9,883,171)
Total accumulated depreciation	<u>(31,904,996)</u>	<u>(5,030,467)</u>	<u>122,796</u>	<u>(36,812,667)</u>
Total business-type activities, net	<u>\$ 96,517,605</u>	<u>(3,147,303)</u>	<u>(297,902)</u>	<u>93,072,400</u>

As all service functions in the Sumter Sanitation Fund are contracted out, the fund currently possesses no capital assets.

(4) Intangible Assets

Intangible asset activity for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
NSCUDD				
Discounted value purchase	\$ 91,985,461	198,000	-	92,183,461
Less accumulated amortization	<u>(16,163,771)</u>	<u>-</u>	<u>(2,899,283)</u>	<u>(19,063,054)</u>
Intangible assets, net	<u>\$ 75,821,690</u>	<u>198,000</u>	<u>(2,899,283)</u>	<u>73,120,407</u>

The decrease represents a full year of amortization for the Sumter Sanitation Fund in addition to the Utility Fund.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(5) Long-term Debt

Revenue Bonds Payable

Revenue bonds payable consisted of the following:

North Sumter County Utility Dependent District

\$19,030,000 Subordinate Utility Revenue Bonds, Series 2010 due in annual principal installments ranging from \$305,000 to \$1,310,000 through October 2043 in accordance with the redemption schedule. Interest is due semi-annually on April 1 and October 1 of each year until redemption or maturity. Interest rates range from 5.250% to 6.250%.	\$ 17,775,000
\$156,985,000 Senior Utility Revenue Bonds, Series 2010 due in annual principal installments ranging from \$2,710,000 to \$10,000,000 through October 2043 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rates range from 5.000% to 5.750%.	144,915,000
\$4,000,000 Subordinate Utility Revenue Bonds, Series 2012 due in annual principal installments ranging from \$75,000 to \$255,000 through October 2042 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%.	3,770,000
\$50,605,000 Senior Utility Revenue Bonds, Series 2012 due in annual principal installments ranging from \$995,000 to \$3,225,000 through October 2042 in accordance with the redemption schedule. Interest is due semi-annually on March 1 and October 1 of each year until redemption or maturity. Interest rate is 5.000%.	<u>47,720,000</u>
Total revenue bonds payable	214,180,000
Plus unamortized bond premium	678,851
Less unamortized bond discount	(2,328,962)
Less current installment of revenue bonds payable	<u>(4,085,000)</u>
Revenue bonds payable less current installments	<u>\$ 208,444,889</u>

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(5) Long-term Debt (continued)

Revenue Bonds Payable (continued)

The annual requirements to amortize the principal and interest of all revenue bonds payable as of September 30, 2018, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2018	4,085,000	11,452,038	15,537,038
2019	4,300,000	11,243,256	15,543,256
2020	4,515,000	11,023,438	15,538,438
2021	4,740,000	10,785,506	15,525,506
2022	4,990,000	10,528,047	15,518,047
2023-2027	29,250,000	48,270,967	77,520,967
2028-2032	37,920,000	39,422,003	77,342,003
2033-2037	49,190,000	27,908,009	77,098,009
2038-2042	63,880,000	12,874,421	76,754,421
2043-2044	11,310,000	328,458	11,638,458
Total	\$ <u>214,180,000</u>	<u>183,836,143</u>	<u>398,016,143</u>

Changes in Long-term Debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Business-type activities:					
Bonds payable					
Senior bonds	\$ 196,075,000	-	3,440,000	192,635,000	3,705,000
Subordinate bonds	21,905,000	-	360,000	21,545,000	380,000
Plus unamortized bond premium	707,136	-	28,285	678,851	-
Less unamortized bond discount	(2,421,513)	-	(92,551)	(2,328,962)	-
Total bonds payable	<u>216,265,623</u>	<u>-</u>	<u>3,735,734</u>	<u>212,529,889</u>	<u>4,085,000</u>
Due to developer	<u>2,076,213</u>	<u>-</u>	<u>600,000</u>	<u>1,476,213</u>	<u>600,000</u>
Total business-type activities	<u>218,341,836</u>	<u>-</u>	<u>4,335,734</u>	<u>214,006,102</u>	<u>4,685,000</u>
long-term liabilities					
Total debt	\$ <u>218,341,836</u>	<u>-</u>	<u>4,335,734</u>	<u>214,006,102</u>	<u>4,685,000</u>

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(5) Long-term Debt (continued)

Pledged Revenues. The District has pledged certain water, sewer and non-potable irrigation water revenue to pay the principal and interest on Utility Revenue Bonds issued in Fiscal Year 2010-2011 to pay for the purchase of water, sewer and irrigation utility facilities. In addition, the District has pledged certain residential and commercial solid waste collection fee revenue to pay the principal and interest on the Solid Waste Revenue Bonds issued in Fiscal Year 2012-2013. These Utility and Solid Waste Revenue Bonds were outstanding on September 30, 2018, as shown below. The table reports the revenues pledged for each debt issue, the amounts of revenue received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds as of September 30, 2018.

Description of Debt	Pledged Revenue	Revenue Received	Principal and Interest Paid	Estimated Percent Pledged	Outstanding Principal and Interest	Pledged Through
Utility Revenue Bonds, Senior	Water, Sewer, & Irrigation revenue	20,978,389	10,485,652	49.98%	271,004,349	2043
Utility Revenue Bonds, Subordinate	Water, Sewer, & Irrigation revenue	10,492,737	1,389,982	13.25%	35,675,294	2043
Sanitation Revenue Bonds, Senior	Sanitation revenue	12,379,926	3,252,715	26.27%	84,646,750	2043
Sanitation Revenue Bonds, Subordinate	Sanitation revenue	9,127,211	263,711	2.89%	6,689,750	2043

(6) Related Parties

The District entered into an interlocal agreement with Sumter Landing Community Development District (SLCDD) for management services. SLCDD, in turn, obtains its management services from Village Center Community Development District (VCCDD) through interlocal agreement. VCCDD therefore provides management services on behalf of NSCUDD. The District may request additional services as they deem necessary for the efficient and effective management of the district. Such additional services are billed to the district at the VCCDD's cost, and include items such as, reimbursement for payment of the investment advisor contract, and office equipment lease and copy costs. Total management fees reimbursed by the District to VCCDD and SLCDD during the year were \$824,331.

The District has purchased from the Developer meter installation services for \$879. The Developer reimbursed \$14,566 to the District for meter set fees during the year based on the District's tariff. The District also sold \$900 in construction water to the Developer in the normal course of business during the year.

The District has entered into an agreement with the privately held Central Sumter Utility Company, LLC (CSU) to provide interconnects for emergency backup water and wastewater supplies. Similar backup interconnects also exist between the District and the water and sewage utilities owned by the Village Center Community Development District.

(7) Risk Management

The District is exposed to various risk of loss related to torts, theft, damage and destruction of assets, errors and omissions, and natural disasters. The District generally carries insurance for these risks, however, the District retains risk for certain property coverage and for losses in excess of coverage limits. There have been no claims in excess of coverage limits for the past two years.

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT

Notes to Basic Financial Statements

September 30, 2018

(8) Utility Revenue Guarantee Fund Deposit

As part of the purchase and sale agreement when the Sumter Sanitation rights were purchased, the seller, The Villages of Lake Sumter, Inc., was required to fund a Revenue Guarantee Fund of \$1,854,132 to guarantee the completion of the 9,528 additional housing units to be constructed in the District service area by the Developer after the sale was closed. At the end of Fiscal Year 2017-2018, with interest earnings, the amount on deposit in this fund was \$71,288. No draw on the fund was required by the District during Fiscal Year 2017-2018. The agreement provides for an annual reconciliation of the amount of the Utility Revenue Guarantee Fund deposit based on actual new housing unit connections completed each Fiscal Year.

(9) Commitments and Contingencies

Hurricane Irma related expenses and revenues

In September 2017, The District sustained damage related to Hurricane Irma, in most part, with debris, trees and falling limbs. FEMA is expected to reimburse the District for storm related damage. The District has submitted all required documentation to support the loss to FEMA. The amount of expenditures to date was \$3,769 and \$0 in 2018 and 2017 respectively. No FEMA reimbursement has been received or accrued to date due to the uncertainty of a reliable estimate of approved expenditures.

**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**

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of North Sumter Utility Dependent District (the District) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

**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
(Concluded)**

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.

Durvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida

MANAGEMENT LETTER

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

Report on the Financial Statements

We have audited the financial statements of North Sumter Utility Dependent District (the District) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 30, 2019.

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 Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated January 30, 2019, 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 financial audit report. There were no findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in this management letter, unless disclosed in the notes to the financial statements (see Note 1 of the District's September 30, 2018, basic financial statements for this information).

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556 (7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(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.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management (Concluded)

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

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

Additional Matters

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

Purpose of this Letter

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



January 30, 2019
Ocala, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTE SECTION 218.415 - INVESTMENT OF PUBLIC FUNDS**

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

We have examined North Sumter Utility Dependent District (the District)'s compliance with Section 218.415, Florida Statutes, with regards to the District's investments during the fiscal year ended September 30, 2018. District 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2018.

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

Purvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
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**North Sumter County
UTILITY
Dependent District**

January 30, 2019

Board of Supervisors
North Sumter County Utility Dependent District
The Villages, FL 32162

RE: Management Response Letter

Dear Supervisors:

Attached is the completed audit for Fiscal Year 2017 – 2018 for the North Sumter County Utility Dependent District. We are proud to report that this audit has an unmodified opinion.

There are no internal control deficiencies, material weaknesses, or compliance issues identified and reported. No prior year comments were identified, as all have been corrected in previous years, and no new comments have been identified in the current audit report.

Your District staff has worked hard to assure you, as supervisors, that the management of the District's funds is conducted professionally, consistent with generally accepted accounting principles, and governing Florida Statutes.

We believe that North Sumter County Utility Dependent District continues to set an example for the appropriate management of Dependent Districts as conceived in Chapter 189, Florida Statutes. We would particularly like to commend the staff of the Villages District Finance Department for their diligent efforts in recording and maintaining the financial records of the District.

We would be happy to entertain any questions members of the Board of Supervisors may have on the audit report or the management of District resources.

Sincerely,

A handwritten signature in blue ink, reading 'Anne Hochsprung', with a stylized flourish at the end.

Anne Hochsprung
Finance Director

A handwritten signature in blue ink, reading 'Kenneth C. Blocker', with a stylized flourish at the end.

Kenneth C. Blocker
Assistant District Manager

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

We have audited the financial statements of the business-type and each major fund of North Sumter Utility Dependent District (the District) for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 30, 2018. Professional standards also require that we communicate to you the following information related to our audit:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance, or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The following accounting standards will be applicable for the fiscal year ending September 30, 2019:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of the recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. We recommend that the District determine if this standard would be applicable to any of the District's tangible capital assets subject to legally required retirement costs.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental and business-type activities' financial statements were:

- *Useful Lives of Assets*—Management's estimate of the useful lives of assets is based upon known historical facts and industry standards for similar assets.
- *Valuation of Donated Capital Assets*—When capital assets are donated to the District, management estimates the value to record by obtaining the acquisition value of similar assets.

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Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

Qualitative Aspects of Accounting Practices (*Concluded*)

- *Fair Value of Investments*—Investments are measured at fair value and are considered Level 2 (when applicable) within the fair value hierarchy. Level 2 implies valuations using inputs for quoted prices for similar investments in active or non-active markets.
- *Estimation of Allowance for Doubtful Accounts*—Management’s estimate for the allowance is based on historical collection dates and on analysis of the collectability of individual receivables.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no known misstatements that were identified during the audit process that were material to the financial statements and/or uncorrected.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. The following issue was noted during the course of our audit:

- **Hurricane Irma Expenditures**—As further explained in the notes to the financial statements, the District incurred additional expenditures beginning in September 2017 and into fiscal year 2018 due to the effects of Hurricane Irma clean-up efforts, part of which have been included in the 2017 and 2018 financial statements. District management will seek reimbursement from FEMA for allowable costs at the applicable refundable rates. No estimate for the anticipated revenues from the reimbursement requests are known as of the date of this report.

Board of Supervisors
North Sumter Utility Dependent District
The Villages, Florida

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Durvis, Gray and Company, LLP

January 30, 2019
Ocala, Florida



AGENDA REQUEST

TO: Board of Directors
North Sumter County Utility Dependent District

FROM: Barbara E. Kays, Budget Director

DATE: 2/14/2019

SUBJECT: **Approval of FY 19-20 Budget Calendar**

ISSUE:

Request approval of the Board's Fiscal Year 2019-20 Budget Calendar which includes the review of the Recommended Budget at the June 10, 2019 regular meeting and approval of the Proposed Budget at the July 9, 2019 regular meeting.

ANALYSIS/INFORMATION:

Attached is a tentative Fiscal Year 2019-20 Budget Calendar which is in accordance with the Sumter County Ordinance 2010-10 that created the North Sumter County Utility Dependent District (NSCUDD). Section 8 of Ordinance 2010-10 states:

“On or before each June 1, the District Board shall prepare or have prepared under its direction and at its cost and expense a proposed budget for the ensuing fiscal year. The proposed budget shall include an estimate of all necessary expenditures of the District for the ensuing fiscal year and an estimate of income to be received by the District for each ensuing year. No later than each July 15, such proposed budget shall be delivered to the County Administrator of the County.”

Please note the NSCUDD June 20, 2019 regular meeting has been changed to Monday, June 10, 2019. The Board will review the Fiscal Year 2019-20 Recommended Budget during the June 10, 2019 meeting.

The approval of the Proposed Budget will take place during your regular meeting on July 9, 2019 in the District Large Conference Room. The approved Proposed Budget will be submitted to Sumter County by July 15th in accordance to SC Ordinance 2010-10.

STAFF RECOMMENDATION:

Staff recommends Board approval of Fiscal Year 2019-20 Budget Calendar which includes a review of the Recommended Budget at the June 10, 2019 regular meeting and approval of the Proposed Budget at the July 9, 2019 regular meeting.

MOTION:

Move to approve the Fiscal Year 2019-20 Budget Calendar as presented.

ATTACHMENTS:

Description	Type
▣ FY 19-20 Budget Calendar	Cover Memo

FY2019-20 TENTATIVE BUDGET CALENDAR

Mar 11	(Mon)	Regular Meeting - Preliminary Budget Workshop following meeting PWAC 8:30 am District - Large Conference Room
Mar 20	(Wed)	Joint Workshop - Amenity Deferral Discussion AAC/PWAC 9:00 am Savannah Center, Ashley Wilkes Room
Mar 25	(Mon)	Departments Submit Requested Budget Packet
Apr 8	(Mon)	Regular Meeting - Budget Update PWAC 8:30 am District - Large Conference Room
Apr 10	(Wed)	Regular Meeting - Budget Update AAC 9:00 am Savannah Center, Ashley Wilkes Room
No later than	May 1st	Submit Safety Recommended budget to Sumter County Administrator
May 6	(Mon)	Regular Meeting - Budget Review PWAC 8:30 am District - Large Conference Room
May 8	(Wed)	Regular Meeting - Budget Review AAC 9:00 am Savannah Center, Ashley Wilkes Room
May 9	(Thu)	Regular Meeting - Budget Review District 7 8:00 am District - Large Conference Room District 12 9:30 am District - Large Conference Room District 11 11:00 am District - Large Conference Room District 13 1:30 pm District - Large Conference Room
May 13	(Mon)	Budget Workshop District 5 8:00 am District - Large Conference Room District 6 9:30 am District - Large Conference Room District 8 11:00 am District - Large Conference Room District 9 1:30 pm District - Large Conference Room District 10 3:00 pm District - Large Conference Room
May 20	(Mon)	Budget Workshop District 1 8:00 am District - Large Conference Room District 2 9:30 am District - Large Conference Room District 3 11:00 am District - Large Conference Room District 4 1:30 pm District - Large Conference Room
Jun 3	(Mon)	Regular Meeting - Provide Recommendation PWAC 8:30 am District - Large Conference Room
Jun 6	(Thu)	Regular Meeting - Approve Proposed Budget SLCDD 10:00 am District - Large Conference Room BCDD 11:00 am District - Large Conference Room District 9 1:30 pm District - Large Conference Room District 10 3:00 pm District - Large Conference Room

Jun 7 (Fri) Regular Meeting - Approve Proposed Budget
 District 5 8:00 am District - Large Conference Room
 District 6 9:30 am District - Large Conference Room
 District 8 11:30 am District - Large Conference Room

Jun 10 (Mon) Regular Meeting - Review Recommend Budget
 NSCUDD 9:00 am District - Large Conference Room

Jun 12 (Wed) Regular Meeting - Recommend Approval of Proposed Budget
 AAC 9:00 am Savannah Center, Ashley Wilkes Room

Jun 12 (Wed) Regular Meeting - Approve Proposed Budget
 VCCDD 3:30 pm District - Large Conference Room

Jun 13 (Thu) Regular Meeting - Approve Proposed Budget
 District 7 8:00 am District - Large Conference Room
 District 12 9:30 am District - Large Conference Room
 District 11 11:00 am District - Large Conference Room
 District 13 1:30 pm District - Large Conference Room

Jun 14 (Fri) Regular Meeting - Approve Proposed Budget
 District 1 8:00 am District - Large Conference Room
 District 2 9:30 am District - Large Conference Room
 District 3 11:00 am District - Large Conference Room
 District 4 1:30 pm Savannah Center, Ashley Wilkes Room

Jul 9 (Tue) Regular Meeting - Approve Proposed Budget
 NSCUDD 9:00 am District - Large Conference Room

No later than July 15th Submit Approved NSCUDD Proposed Budget to the Sumter County Administrator (SC Ordinance 2010-10)

Sep 3 (Tue) Regular Meeting - Approve Final Budget Recommendation
 PWAC 8:30 am District - Large Conference Room

Sep 5 (Thu) Regular Meeting - Public Hearing to Adopt Final Budget
 SLCDD 10:00 am District - Large Conference Room
 BCDD 11:00 am District - Large Conference Room
 District 9 1:30 pm District - Large Conference Room
 District 10 3:00 pm District - Large Conference Room

Sep 6 (Fri) Regular Meeting - Public Hearing to Adopt Final Budget
 District 5 8:00 am District - Large Conference Room
 District 6 9:30 am District - Large Conference Room
 District 8 11:30 am District - Large Conference Room

Sep 11 (Wed) Regular Meeting - Approve Final Budget Recommendation
 AAC 9:00 am Savannah Center, Ashley Wilkes Room

Sep 11 (Wed) Regular Meeting - Public Hearing to Adopt Final Budget
 VCCDD 3:30 pm District - Large Conference Room

Sep 12 (Thu)

Regular Meeting - Public Hearing to Adopt Final Budget

District 7	8:00 am	District - Large Conference Room
District 12	9:30 am	District - Large Conference Room
District 11	11:00 am	District - Large Conference Room
District 13	1:30 pm	District - Large Conference Room

Sep 13 (Fri)

Regular Meeting - Public Hearing to Adopt Final Budget

District 1	8:00 am	District - Large Conference Room
District 2	9:30 am	District - Large Conference Room
District 3	11:00 am	District - Large Conference Room
District 4	1:30 pm	Savannah Center, Ashley Wilkes Room

No later

than

Sep 15th

Sumter County Board of Commissioners -

Adopt NSCUDD Final Budget (SC Ordinance 2010-10)

District - Large Conference Room is located at 984 Old Mill Run (Lake Sumter Landing).
Savannah Recreation Center is located at 1545 Buena Vista Boulevard.

As of 1/28/2019



AGENDA REQUEST

TO: Board of Directors
North Sumter County Utility Dependent District

FROM: Richard J. Baier, District Manager

DATE: 2/6/2019

SUBJECT: **Operating Policies and Procedures**

ISSUE:

ANALYSIS/INFORMATION:

STAFF RECOMMENDATION:

MOTION:

ATTACHMENTS:

Description	Type
▣ Operating Policies and Procedures	Cover Memo

TABLE OF CONTENTS

1.1	General Introduction
1.2	Standards of Civil Discourse
1.3	Board of Directors; District Manager, Officers and Voting
1.4	Public Information and Inspection of Records
1.5	Meetings and Workshops
1.6	Rulemaking Proceedings
1.7	Decisions Determining Substantial Interests
1.8	Purchasing Policies and Procedures
1.9	Effective Date

NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT
GENERAL AND PROCEDURAL RULES

1.1 General Introduction.

- 1) The North Sumter County Utility Dependent District (the "District") was created pursuant to the provisions of Chapter 189, Florida Statutes, to provide community development systems, facilities, services, projects, improvements, infrastructure and other "public facilities" to the community including water, wastewater and irrigation services and collection and disposal of solid waste . The purpose of these rules (the "Rules") is to describe the general operations of the District. Any conflict or need for clarification arising out of the following Rules shall be resolved, where applicable, by law. Any amendments to the Rules shall be administratively prepared and adopted by the Board of Directors. These Rules are adopted to guide the District through its primary operations and functions. They are designed to provide the structure needed to conduct District business while also maintaining the flexibility needed to efficiently and effectively carry out the public business as circumstances may dictate.
- 2) Definitions located within any section of these Rules shall be applicable within all other sections, unless specifically stated to the contrary.

1.2 Standards of Civil Discourse.

- 1) The District encourages citizen participation in the democratic process and recognizes and protects the right of freedom of speech afforded to all. As the Board conducts the business of the District, rules of civility shall apply. District Board Directors, Staff members, and members of the public are to respectfully communicate. Persons shall speak only when recognized by the Board Chair and, at that time, refrain from engaging in personal attacks or derogatory or offensive language. Outbursts will not be tolerated and those who do not conduct themselves in a respectful and lawful manner shall be subject to removal. It shall be the responsibility of each individual to demonstrate civility.

1.3 Board of Directors; District Manager, Officers and Voting.

- 1) Board of Directors. The Board of Directors of the District (the "Board") shall exercise the powers granted to the District. The Board shall consist of seven members. Members of the Board must be residents of Florida and of the District and a citizen of the United States.
- 2) District Manager. The Board shall employ a District Manager. The District Manager shall have charge and supervision of the works of the district and shall be responsible for preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of state statutes, for maintaining and operating the equipment owned by the District, and for performing such other duties as may be prescribed within the legal purview of the Board.
- 3) Term of Officers. Board Directors shall hold office pursuant to Sumter County Ordinance. If, during the term of office of any Board Director(s), one or more vacancies occur, Sumter County shall fill vacancies by appointment for the remainder of the unexpired term(s).
- 4) Vacancies; Quorum. Four members of the Board physically present in the same location shall constitute a quorum for the purposes of conducting its business and exercising its powers and for all other purposes. However, if three or more vacancies occur at the same time, a quorum is not necessary to fill the vacancies. Action taken by the Board shall be upon a majority vote of the members present, unless otherwise provided in these Rules or required by law.
- 5) Officers. At any Board meeting held after each election where the newly elected members take office, the Board may select a chair, vice chair, treasurer, and secretary. Such selection may be deferred to subsequent meetings. The District Manager shall serve as secretary and treasurer.
 - a. The chair must be a member of the Board. If the chair resigns from that office or ceases to be a member of the Board, the Board shall select a chair to serve the remaining portion of the term, after filling the board vacancy. The chair may be authorized to sign checks and warrants for the District, countersigned by the treasurer or other persons authorized by the Board. The chair may convene and conduct all meetings of the Board. In the event the chair is unable to attend a meeting, the vice chair or other member of the Board may convene and conduct the meeting.

i. Options for Selection of a Board Chair

1. Nomination and majority vote by Board following a general election
2. Rotation of seats
3. Annual or bi-annual review

- b. The vice chair shall be a member of the Board and shall have such duties and responsibilities as specifically designated by the Board from time to time. If the vice chair resigns from that office or ceases to be a member of the Board, the Board shall select a vice chair to serve the remainder of the term, after filling the Board vacancy.

i. Options for Selection of Vice Chair

- 1. Nomination and majority vote by Board following a general election
 - 2. Rotation of seats
 - 3. Annual or bi-annual review
- 6) Committees. The Board may establish committees of the Board by formal motion referencing this rule, either on a permanent or temporary basis, to perform specifically-designated functions. Committees may include individuals who are not members of the Board, but must be a property owner who maintains permanent residency in the District. Committee representation shall be reviewed annually at the October Board Meeting following the beginning of a new fiscal year. Committee representation will be determined by nomination and majority vote by the Board.
 - 7) Record Book. The Board shall keep a permanent record book entitled "Record of Proceedings of the North Sumter County Utility Dependent District," in which shall be recorded minutes of all meetings, resolutions, proceedings, certificates, bonds and corporate acts.
 - 8) Meetings. The Board shall establish a schedule of regular meetings and may also meet upon call of the chair or three Board Directors. Nothing herein shall prevent the Board from holding other meetings as it deems necessary or from canceling any regularly scheduled meetings. A previously noticed regular meeting may be canceled, provided that notice of cancellation shall be given in substantially the same manner as notice for the meeting or in such other manner as may provide substantially equivalent notice of cancellation. Meetings will be cancelled in accordance with the Board's policy adopted via resolution. All meetings of the Board shall be open to the public and governed by the provisions of Chapter 286, Florida Statutes.
 - 9) Voting Conflict of Interest. The Board shall comply with Section 112.3143, Florida Statutes, so as to ensure the proper disclosure of conflicts of interests on matters coming before the Board for a vote. Nothing in this Rule shall prohibit the Board Director with a voting conflict of interest from voting on a matter. For the purposes of this section, "voting conflict of interest" shall be governed by Chapter 112, Florida Statutes, as amended from time to time.

- a. When a Board Director knows that he/she has a conflict of interest on a matter coming before the Board, the member should notify the Board's secretary prior to participating in any discussion with the Board on the matter. The member shall publicly announce the conflict of interest at the meeting. This announcement shall appear in the minutes of the meeting. The member may then vote. The Board's secretary shall prepare a memorandum of voting conflict which shall then be signed by the Board Director that had the conflict.
 - b. If a Board Director inadvertently votes on a matter and later learns he or she has a conflict thereon, the member shall immediately notify the Board's secretary. Within fifteen days (15) days of the notification, the member shall file the appropriate memorandum of voting conflict which will be attached to the minutes of the Board meeting during which the vote on the matter occurred. The memorandum shall immediately be provided to other Board Directors and shall be read publicly at the next meeting held subsequent to the filing of the written memorandum. The Board Director's vote shall be unaffected by this filing.
- 10) Board Director Conduct. No individual Board Director shall direct the District Manager to perform extensive research, take action on a policy matter, or make representations on behalf of the Board without formal direction from the collective Board of Directors at a regularly scheduled Board meeting. Nothing precludes a Board Director from initiating individual correspondence pertaining to the seat they currently hold. Nothing in this Rule is to be construed to limit or restrict a Board Director from acting in his or her official capacity from coordinating with the District Manager in answering or responding to correspondence or communications relative to the business of the District.

1.4 Public Information and Inspection of Records.

- 1) Public Records. All District public records within the meaning of Chapter 119, Florida Statutes, and not otherwise restricted by law, including the "Record of Proceedings of the North Sumter County Utility Dependent District," may be copied or inspected at the offices of the District Manager or at the Offices of the District Administrator, during regular business hours.
- 2) Copies. Copies of public records shall be made available to the requesting person at a charge of \$.15 per page if not more than 8-1/2 by 14 inches, and for copies in excess of that size at a charge not to exceed the actual cost of reproduction. Certified copies of public records shall be made available at a charge of \$1.00 per page. If the nature or volume of public records requested to be inspected, examined or copied is such as to require extensive use of information technology resources or extensive clerical or supervisory assistance, a special service charge, which shall be reasonable and based on the actual cost incurred, may be charged in addition to the actual cost of duplication.

1.5 Meetings and Workshops.

- 1) Meetings and Workshops. All meetings of the Board shall be open to the public and governed by the provisions of Chapter 286, Florida State Statutes.
- 2) Notice. Except in emergencies, or as otherwise provided in these Rules, at least seven (7) days' public notice shall be given of any meeting or workshop of the Board. Public notice shall be given by publication in a newspaper of general circulation in the District and shall state:
 - a. The date, time, and place of the meeting or workshop;
 - b. A brief description of the nature, subjects and purposes of the meeting or workshop;
 - c. The address where persons may obtain a copy of the agenda.
 - d. The notice shall state that if a person decides to seek review of any official decision made at the Board meeting, a record of the proceedings will be required and the person intending to appeal will need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence necessary for the appeal.
 - e. When a previously noticed meeting is canceled, notice of cancellation shall be given in substantially the same manner as notice for the meeting or in any manner that will give adequate notice of cancellation.
- 3) Agenda. The District Manager shall prepare a notice of the meeting or workshop and an agenda. The agenda shall be available to the public in the offices of the District Manager prior to each regularly scheduled meeting or workshop and on the website. Minutes shall be taken, and reviewed and approved by the Board at a subsequent meeting. In accordance with State Statutes, the agenda and available supporting documentation will be available electronically seven days in advance of the meeting.
- 4) Agenda Format.
 - a. Call to Order
 - i. Roll Call
 - ii. Pledge of Allegiance
 - iii. Observation of Moment of Silence
 - iv. Welcome Meeting Attendees
 - v. Audience Comments
 - b. Consent Agenda
 - c. New Business
 - d. Old Business
 - e. Public Hearings
 - f. Public Hearings
 - g. Informational Items Only
 - h. Reports and Input
 - i. District Manager Reports
 - ii. District Counsel Reports

- iii. Board Director Comments
- iv. Adjourn

- 5) Oath of Office. At the next regularly scheduled meeting following an election, newly elected Board Directors shall take and subscribe to the oath of office as prescribed by Section 876.05 of Florida State Statutes. The oath office shall be administered by the District Clerk immediately following the call to order of the meeting.
- 6) Procedures for Including Items on Agenda. Items to be included on the agenda may be submitted by an individual Board Director and will be addressed under the “Board Director Comments” section of the agenda for discussion purposes; if formal action is desired, the item will be presented on the agenda at the following regularly scheduled Board Meeting. In order for an item to be included on the agenda, a request must be submitted to the District Manager no later than 10 business days in advance of the next regularly scheduled meeting.
- 7) Consent Agenda. Content of items on the consent agenda shall be limited to routine items that normally do not require discussion such as the minutes, resolutions, payment requests and reports from committees, etc. During the reading of the consent agenda, any Board Director, the District Manager, or member of the public, may pull an item for separate discussion.
- 8) Resolutions. An enacted resolution is an internal legislative act that is a formal statement of policy concerning matters of special or temporary character. Board action shall be taken by resolution when required by law and in those instances where an expression of policy more formal than a motion is desired. All resolutions shall be reduced to writing.
- 9) Motions. An enacted motion is a form of action taken by the Board to direct that a specific action be taken on behalf of the District. A motion, once approved and entered into the record, is the equivalent of a Resolution in those instances where a resolution is not required by law. All motions shall be made and seconded before debate.
 - a. A motion is to be worded in a concise, unambiguous, and complete form.
 - b. No speech is to be made in reference to a motion when it is introduced. There will be no debate until a motion has been seconded and, if requested by a Board Director, the question stated by the Board Chair or District Clerk.
 - c. When the question has been stated, it is before the Board and mover is entitled to the floor.
- 10) Reconsideration of Action Previously Taken. A motion to reconsider shall be allowed at any time by any Board Director who voted on the prevailing side, during a meeting, except when a motion on some other subject is pending.

- 11) Rescinding Action Previously Taken. Board action may be rescinded by a majority vote if the motion to reconsider is made by a Board Director who voted on the prevailing side. After a motion to reconsider has been adopted by a majority vote, any Board Director may move to rescind action previously taken.
- 12) Roll Call Vote. Roll call votes will be conducted at the prerogative of the Board Chair, or at the District Manager's request to the Board Chair.
- 13) Receipt of Notice. Persons wishing to receive, by mail, notices or agendas of meetings, may advise the District Manager or secretary at the Board's office. Such persons shall furnish a mailing address in writing and may be required to pay the cost of copying and mailing.
- 14) Emergency Meeting. The chair, or the vice-chair if the chair is unavailable, may convene an emergency meeting of the Board without first having complied with Subsections (1), (2), and (3), to act on emergency matters that may affect the public health, safety, or welfare. Whenever possible, the chair shall make reasonable efforts to notify all Board Directors of an emergency meeting 24 hours in advance. Reasonable efforts may include telephone notification. After an emergency meeting, the Board shall publish in a newspaper of general circulation in the District, the time, date, and place of the emergency meeting, the reasons why an emergency meeting was necessary, and a description of the action taken. Whenever an emergency meeting is called, the District Manager shall be responsible for notifying at least one newspaper of general circulation in the District. Actions taken at an emergency meeting may be ratified by the Board at a regularly noticed meeting subsequently held.
- 15) Public Comment. The Board shall conduct public comment in accordance with Florida State Statutes. Members of the audience making public comment shall approach the microphone, state their name and address for the record, and address all comments to the Board Chair. The following Public Participation Policy was adopted by the Board of Supervisors via a Resolution and shall apply to meetings of District boards or committees as provided herein unless otherwise required by State Statutes;
 - a. Citizen's Rights
 - i. Right to be Heard: Members of the public shall be given a reasonable opportunity to be heard on a proposition before a District board except as provided for below. Public input shall generally be limited to three (3) minutes for each speaker and a total of thirty (30) minutes for public comment relating to any particular proposition, with the Board Chair having the option to allow additional time for good cause shown after consideration of the circumstances.
 - ii. Group or Faction Representatives: At meetings in which a large number of individuals are in attendance, the Board Chair may ask for a show of hands to identify individuals who wish to address the board. If a large

number of individuals wish to be heard, the Board Chair may require individuals to complete speaker cards that include the individual's name, address, the proposition on which they wish to be heard, the individual's position on the proposition (i.e., "for," "against," or "undecided"). In the event large groups or factions of individuals desire to speak (i.e., consisting of more than five individuals), the Board Chair may require each group or faction to designate a representative to speak on behalf of such group or faction but shall allow such representative at least ten minutes to address the board.

- b. This right does not apply to;
 - i. An official act that must be taken to deal with an emergency situation affecting the public health, welfare, or safety, if compliance with the requirements would cause an unreasonable delay in the ability of the board to act;
 - ii. An official act involving no more than a ministerial act, including, but not limited to, approval of minutes and ceremonial proclamations;
 - iii. A meeting that is exempt from §286.011; or
 - iv. A meeting during which the board is acting in a quasi-judicial capacity. This paragraph does not affect the right of a person to be heard as otherwise provided by law.

16) Public Hearings/ Quasi-Judicial Hearings

- a. Order of Testimony
 - i. The Board Chair shall announce the Public Hearing and ask staff to review the subject of the public hearing.
 - ii. The Board Chair shall then open the public hearing and receive comment from anyone in attendance.
 - iii. Persons wishing to provide comment shall approach the microphone, state name and address for the record, and make his/her comments.
 - iv. Comments shall be limited to the subject of the public hearing only.
 - v. Upon determination of no additional public comment, the Board Chair shall close the Public Hearing and restrict discussion to members of the Board and staff.
 - vi. Upon completion of the discussion, the Board Chair shall entertain such action as the Board may desire.
- b. Ex- Parte Communication
 - i. Board Directors became subject to additional constitutional and statutory prohibitions when conducting quasi-judicial proceedings. When a Board acts in a quasi-judicial capacity, its Board Directors are prohibited from receiving ex-parte communications. This means a Board Director cannot receive information or participate in communications about such matter without providing notice and opportunity for the other party to be heard at

the same time. If a Board Director conducts ex-parte (i.e. one-on-one) communications they could be accused of violating an individual's constitutional right to due process of law.

- 17) Budget Hearing; Budget Amendment. On or before each June 1, the District shall prepare or have prepared under its direction and at its cost and expense a proposed budget for the ensuing fiscal year. The proposed budget shall include an estimate of all necessary expenditures for the District for the ensuing fiscal year and an estimate of income to be received by the District for each ensuing year fiscal year. No later than each July 15, such proposed budget shall be delivered to the County Administrator of the County. The budget for the District shall be approved or vetoed by the Board of County Commissioners no later than September 15 immediately following delivery of the same to the County Administrator. The District shall operate in accordance with the provision of its last approved budget until such time as the subsequent budget is approved by the Board of County Commissioners.
- 18) Continuances. Any meeting of the Board or any item or matter included on the agenda or coming before the Board at a noticed meeting may be continued without re-notice or re-advertising provided that the continuance is to a specified date, time and location publicly announced at the Board meeting where the item or matter came before the Board.

1.6 Rulemaking Proceedings.

- 1) Commencement of Proceedings. Proceedings held for adoption, amendment, or repeal of a District rule shall be conducted according to the applicable provisions of Chapter 120, Florida Statutes, and these Rules. Rulemaking proceedings shall be deemed to have been initiated upon publication of notice by the District.
- 2) Notice of Rule Development. Except when the intended action is the repeal of a rule, the District shall provide notice of the development of proposed rules by publication of a notice of rule development in a newspaper of general circulation in the District before providing notice of a proposed rule as required by paragraph (3). The notice of rule development shall indicate the subject area to be addressed by rule development, provide a short, plain explanation of the purpose and effect of the proposed rule, cite the specific legal authority for the proposed rule, and a statement of how a person may promptly obtain a copy of any preliminary draft, if available. All rules should be drafted in accordance with Chapter 120, F.S.
- 3) Notice of Proceedings and Proposed Rules. Prior to the adoption, amendment, or repeal of any rule other than an emergency rule, the District shall give notice of its intended action, setting forth a short, plain explanation of the purpose and effect of the proposed action; a reference to the specific rulemaking authority pursuant to which the rule is adopted; and a reference to the section or subsection of the Florida Statutes or the Laws of Florida being implemented, interpreted, or made specific. The notice shall include a summary of the District's statement of the estimated regulatory costs, if one has been prepared, based on the factors set forth in Section 120.541(2), and a statement that any person who wishes to provide the District with a lower cost regulatory alternative as provided by Section 120.541(1), must do so in writing within 21 days after publication of the notice. The notice must state the procedure for requesting a public hearing on the proposed rule unless one is otherwise scheduled. Except when the intended action is the repeal of a rule, the notice shall include a reference both to the date on which and to the place where the notice of rule development that is required by subsection (2) appeared.
 - a. The notice shall be published in a newspaper of general circulation in the District not less than 28 days prior to the intended action. The proposed rule shall be available for inspection and copying by the public at the time of the publication of notice.
 - b. The notice shall be mailed to all persons named in the proposed rule. Any person may file a written request with the District Manager or secretary at the Board's office to receive notice by mail of District proceedings to adopt, amend or repeal a rule. Such persons must furnish a mailing address and may be required to pay the cost of copying and mailing. Notice will then be mailed to all persons whom, at least 14 days prior to such mailing, have made requests of the district for advance notice of its proceedings.

- 4) Rule Development Workshops. Whenever requested in writing by any affected person, the District must either conduct a rule development workshop prior to proposing rules for adoption or the District Chair must explain in writing why a workshop is unnecessary. The District may initiate a rule development workshop but is not required to do so.
- 5) Petitions to Initiate Rulemaking. All petitions for the initiation of rulemaking proceedings pursuant to Section 120.54(7), Florida Statutes, must contain the name, address, and telephone number of the Petitioner, specific action requested, specific reason for adoption, amendment, or repeal, the date submitted, and shall specify the text of the proposed rule and the facts showing that the Petitioner is regulated by the District or has a substantial interest in the rule or action requested. Petitions to initiate rulemaking shall be filed with the District. The Board shall then act on the petition in accordance with Section 120.54(7), Florida Statutes (1999), except that copies of the petition shall not be sent to the Administrative Procedures Committee, and notice may be given in a newspaper of general circulation in the county in which the District is located.
- 6) Rulemaking Materials. After the publication of the notice to initiate rulemaking, the Board shall make available for public inspection and shall provide, upon request and payment of cost of copies, the following materials:
 - a. The text of the proposed rule, or any amendment or repeal of any existing rules;
 - b. A detailed written statement of the facts and circumstances justifying the proposed rule;
 - c. A copy of the statement of estimated regulatory costs if required by Section 120.541; and
 - d. The published notice.
- 7) Rulemaking Proceedings - No Hearing. When no hearing is requested and the Board chooses not to initiate a hearing on its own, or if the rule relates exclusively to organization, practice or procedure, the Board may direct the proposed rule be filed with the District Office no less than twenty-eight (28) days following notice. Such direction may be given by the Board either before initiating the rule-adoption process or after the expiration of the twenty-one (21) days during which affected persons may request a hearing.
- 8) Rulemaking Proceedings - Hearing. If the proposed rule does not relate exclusively to organization, practice or procedure, the District shall provide (upon request) a public hearing for the presentation of evidence, argument and oral statements, within the reasonable conditions and limitations imposed by the District to avoid duplication, irrelevant comments, unnecessary delay or disruption of the proceedings. Any affected person may request a hearing within twenty-one (21) days after the date of publication of the notice of intent to adopt, amend or repeal a rule.

- 9) Request for a Public Hearing. A request for a public hearing shall be in writing and shall specify how the person requesting the public hearing would be affected by the proposed rule. The request shall be submitted to the District within 21 days after notice of intent to adopt, amend, or repeal the rule is published as required by law, in accordance with the procedure for submitting requests for public hearing stated in the notice of intent to adopt, amend, or repeal the rule.
- a. If the notice of intent to adopt, amend, or repeal a rule did not notice a public hearing and the District determines to hold a public hearing, the District shall publish notice of a public hearing in a newspaper of general circulation within the District at least 7 days before the scheduled public hearing. The notice shall specify the date, time, and location of the public hearing, and the name, address, and telephone number of the District contact person who can provide information about the public hearing.
 - b. Written statements may be submitted by any person within a specified period of time prior to or following the public hearing. All timely submitted written statements shall be considered by the District and made a part of the rulemaking record.
- 10) Emergency Rule Adoption. The Board may adopt an emergency rule if it finds that immediate danger to the public health, safety, or welfare exists which requires immediate action. Prior to the adoption of an emergency rule, the District Manager shall make reasonable efforts to notify a newspaper of general circulation in the District. Notice of emergency rules shall be published as soon as practical in a newspaper of general circulation in the District. The District may use any procedure which is fair under the circumstances in the adoption of an emergency rule as long as it protects the public interest as determined by the District and otherwise complies with these provisions
- 11) Negotiated Rulemaking. The District may use negotiated rulemaking in developing and adopting rules pursuant to Section 120.54, Florida Statutes.
- 12) Variances and Waivers. Variances and waivers from District rules may be granted subject to the provisions and limitations contained in Section 120.542, Florida Statutes.

1.7 Decisions Determining Substantial Interests.

- 1) Conduct of Proceedings. Proceedings may be held by the District in response to a written request submitted by a substantially affected person within fourteen (14) days after written notice or published notice of District action or notice of District intent to render a decision. Notice of both action taken by the District and the District's intent to render a decision shall state the time limit for requesting a hearing and shall reference the District's procedural rules. If a hearing is held, the chair shall designate any member of the Board (including the Chair), District Manager, District General Counsel, or other person to conduct the hearing.
 - a. The person conducting the hearing may:
 - i. Administer oaths and affirmations;
 - ii. Rule upon offers of proof and receive relevant evidence;
 - iii. Regulate the course of the hearing, including any prehearing matters;
 - iv. Enter orders;
 - v. Make or receive offers of settlement, stipulation, and adjustment.
 - b. The person conducting the hearing shall, within thirty (30) days after the hearing or receipt of the hearing transcript, whichever is later, file a recommended order which shall include a caption, time and place of hearing, appearances entered at the hearing, statement of the issues, findings of fact and conclusions of law, separately stated, and a recommendation for final District action.
 - c. The District shall issue a final order within forty-five (45) days:
 - i. After the hearing is concluded, if conducted by the Board;
 - ii. After a recommended order is submitted to the Board and mailed to all parties, if the hearing is conducted by persons other than the Board; or
 - iii. After the Board has received the written and oral material it has authorized to be submitted, if there has been no hearing.
- 2) Eminent Domain. After determining the need to exercise the power of eminent domain, the District shall follow those procedures prescribed in Chapters 73 and 74, Florida Statutes. Prior to exercising the power of eminent domain, the District shall:
 - a. Adopt a resolution identifying the property to be taken;

- i.If the property is beyond the boundaries of the District, obtain approval by resolution of the governing body of the county if taking will occur in an unincorporated area, or of the municipality if the taking will occur within the municipality.

1.8 Purchasing Policies and Procedures

- 1) The North Sumter County Utility Dependent District's purchasing policies and procedures will be conducted in accordance with the authority given in Sumter County Ordinance pursuant to Chapter 189, F.S. and all other applicable laws.

1.9 Effective Date.

- 1) These Rules shall be effective _____, 2019, except that no election of officers required by these Rules shall be required until after the next regular election for the Board of Directors.

Specific Authority:

Chapter 189, F.S. and other applicable laws

Sumter County Ordinance



AGENDA REQUEST

TO: Board of Directors
North Sumter County Utility Dependent District

FROM: Richard Baier, District Manager

DATE: 2/14/2019

SUBJECT: **Approval of Additional Services – Supervisory Control and Data Acquisition (SCADA) System Upgrade Program Phase 2**

ISSUE: The Approval of Additional Services – Supervisory Control and Data Acquisition (SCADA) System Upgrade Program Phase 2 in the Agreement with Operations Management International, Inc. (CH2M/OMI) to provide services for the SCADA System Upgrade Program (Phase 2) for North Sumter County Utility Dependent District for the remainder of fiscal year 2018-2019.

ANALYSIS/INFORMATION:

Pursuant to Article 3.02 – Additional Services, in the agreement dated August 20, 2013 between Operations Management International, Inc. and North Sumter County Utility Dependent District, staff has negotiated a contract addendum for additional services and compensation for engineering, labor, and project oversight. The SCADA System Upgrade Program Phase 2 was approved as part of the FY 18/19 Budget as a Capital Improvement Project by this Board on July 10, 2018 in the amount of \$50,000.00 as a combined total for both NSU & VWCA. This agreement allows for an 8% markup for project administration overhead, including but not limited to purchasing, inventory, accounts payable, invoicing, and management. This project administration is included in the original budget amount of \$50,000.

STAFF RECOMMENDATION:

Staff requests approval the Additional Services Agreement – SCADA System Upgrade Program Phase 2 between CH2M/OMI and North Sumter County Utility Dependent District for services provided to NSU & VWCA.

MOTION:

Motion to approve the Additional Services Agreement – SCADA System Upgrade Program Phase 2 with Operations Management International Inc. (CH2M/OMI), and authorize the Chairman or Vice Chairman to execute the Agreement.

ATTACHMENTS:

Description

Type



CH2M

9189 South Jamaica Street
Suite 400
Englewood, CO 80112
Tel 303.740.0019

Fax 720.286.9250

January 28, 2019

Mr. Charlie Smith
Chairman
North Sumter County Utility
Dependent District (NSCUDD)
984 Old Mill Run
The Villages, FL 32162

Subject: Additional Services Agreement – SCADA System Upgrade Program Phase 2

Dear Mr. Smith:

Pursuant to Article 3.02 – Additional Services in the Agreement dated August 20, 2013, CH2M will perform a SCADA System Upgrade Program (Phase 2) for the selected utilities noted below. CH2M and NSCUDD mutually agree that CH2M will provide the following additional services:

Scope: See Exhibit A

Term: Anticipated completion of this work scope is September 1, 2019.

Price of services: The not-to-exceed amount for the services provided under this Additional Services Letter Agreement shall be a total of \$125,000.00 for all utility locations. The total cost shall be split among the utilities as follows:

VCCDD-LSSA	20%
VCCDD-VCSA	20%
NSCUDD-NSU/VWCA	40%
CSU	10%
SWCA	10%

The NSCUDD NSU and VWCA utilities would be responsible for 40% of the total cost with the maximum cost of \$50,000.00 to be split equally between NSU and VWCA.

The following cost estimates are based on the scope of work in Exhibit A:

Senior Engineer- actual hours @ \$144/hr rate	\$ 10,080
Travel @ actual costs	\$ 920
Subcontract Labor w/ 8% markup	\$112,938

Total Cost Estimate for Scope of Work	\$123,938
---------------------------------------	-----------

Billing and Payment terms: Clients will be billed their percentage for these additional services upon the completion of the scope of work detailed in Exhibit A and payment will be due and payable within thirty (30) days following receipt of CH2M's invoice.

These services shall be performed under the terms and conditions of the Agreement dated August 20, 2013 between CH2M Operations Management International, Inc. ("CH2M") and NSCUDD, which are incorporated herein by reference, and remain in full force and effect.

If these terms are agreeable to you, please sign both copies of this letter. We will return one fully executed original for your files.

CH2M appreciates the opportunity to provide these additional services to NSCUDD.

Sincerely,


Rock Raiford
Program Director

Both parties indicate their approval of the above described services by their signature below.

Authorized: _____

Charlie Smith
Chairman

Authorized: _____


Jonathan Mantay
Vice President

North Sumter County Utility
Dependent District
Date: _____

CH2M OMI
Date: 1-28-2019

Exhibit A

Scope of Work

Purpose and Intent: Citect Application Restructure and Hardware Upgrade

Phase 2: Tasks and Cost Estimates

	Task	Description	Cost Estimate with 8% markup
1.	Oversight/Management of Jacobs Senior Engineer	Phase 2 tasks completion estimated 40 hours and travel costs.	\$6,500
2.	Upgrade Citect to ver. 7.5 then to ver. 8.0	Subcontract estimated at 120 hours, Jacobs senior engineer estimated at 30 hours plus travel costs	\$14,220
3.	Develop process standard for PLC programming	Subcontract estimated 80 hours for PLC and 80 hours for SCADA	\$12,960
4.	Implement Process Standard on new PLCs	Up to 13 stations subcontract estimated at \$3,000 per station	\$42,120
5.	Recommendation for SCADA hardware upgrade	Subcontract estimated 20 hours	\$1,620
6.	New SCADA grade monitors, wired keyboards and mice	Dell 27 USB-C Monitor: P2719HC	\$4,752
7.	Upgrade WIN911 Software to most suitable	Subcontract labor to combine 3 systems to 2 systems with current version support	\$5,940
8.	Trending Enhancement in Citect	Historian Standard, 5,000 Tag with 4 license installations and setup	\$35,826
		Total Phase 2 Cost Estimate	\$123,938



AGENDA REQUEST

TO: Board of Directors
North Sumter County Utility Dependent District

FROM: Anne Hochsprung, Finance Director

DATE: 2/14/2019

SUBJECT: **Financial Statements**

ISSUE: Budget to Actual Statements as of December 31, 2018

ANALYSIS/INFORMATION:

STAFF RECOMMENDATION:

MOTION:

ATTACHMENTS:

Description	Type
▣ Budget to Actual	Cover Memo
▣ Cash Sheet	Cover Memo

NORTH SUMTER UTILITY FUND	
OPERATING BUDGET	
BUDGET TO ACTUAL STATEMENT AS OF: December 31, 2018 (Unaudited)	
Three (3) Months of Operations- 25.00% of Year	

Account Number	Description of Account		Annual Budget	Current Month Actual	Year-to-Date Actual	Year-to-Date Variance	Percent of Annual Budget	Footnotes
	REVENUES:					Over/(Under)		
341910	Sales Tax Collection Allowance		-	7	20	20	0.00%	
341911	Lien Fees		-	-	30	30	0.00%	
341999	Misc Revenue		10,000	1,375	1,382	(8,618)	13.82%	
343601	Water Fees - Residential		4,173,600	346,251	1,017,978	(3,155,622)	24.39%	
343602	Water Fees - Commercial		308,100	25,538	77,719	(230,381)	25.23%	
343603	Sewer Fees - Residential		6,921,100	589,223	1,718,534	(5,202,566)	24.83%	
343604	Sewer Fees - Commercial		524,500	43,036	128,495	(396,005)	24.50%	
343607	Meters Impact Fees		-	68	68	68.00	0.00%	
343609	Reconnect Fees		7,000	741	2,451	(4,549)	35.01%	
343610	Fire Protection Water		83,600	7,115	21,171	(62,429)	25.32%	
343611	Metered Irrigation Water		9,394,800	738,476	2,628,165	(6,766,635)	27.97%	
343612	Metered Construction Water		500	180	630	130	126.00%	A
343613	Returned Check Fees (\$25)		3,000	300	605	(2,395)	20.17%	
343615	Other Misc Water & Sewer		12,000	-	5,121	(6,879)	42.68%	B
343616	Utility Late Penalty Fee		18,000	1,942	5,021	(12,979)	27.89%	
361102	Int Income - Cash Equiv		131,500	36,188	101,273	(30,227)	77.01%	C
361103	Int Income - USB		100,000	19,132	36,301	(63,699)	36.30%	C
362007	Lease Revenue		219,800	18,244	54,733	(165,067)	24.90%	
365001	Sales of Surplus Material & Sc		19,000	-	5,633	(13,367)	29.65%	
	Total Revenues:		\$ 21,926,500	\$ 1,827,816	\$ 5,805,330	\$ (16,121,170)	26.48%	
361306	FLGIT-Unrealized Gain/Loss		-	11,815	15,191	15,191	0.00%	D
361307	LTP Unrealized Gain/Loss		-	29,109	(127,165)	(127,165)	0.00%	D
361309	FLFIT-Unrealized Gain/Loss		-	863	(2,608)	(2,608)	0.00%	C
361409	FLFIT-Realized Gain/Loss		-	7,969	22,910	22,910	0.00%	C
	Total Available Resources:		\$ 21,926,500	\$ 1,877,572	\$ 5,713,658	\$ (16,212,842)	26.06%	
	EXPENDITURES:					Under/(Over)		
511111	Executive Salaries		\$ 16,584	\$ -	\$ 263	\$ 16,321	1.59%	E
511211	Social Security Taxes		1,027	-	16	1,011	1.56%	E
511212	Medicare Taxes		240	-	4	236	1.67%	E
511241	Worker's Compensation		46	-	22	24	47.83%	F
	Subtotal Personnel Services		17,897	-	305	17,592	1.70%	
536311	Management Fees		\$ 751,831	\$ 61,542	\$ 184,629	\$ 567,202	24.56%	
536312	Engineering Services		313,395	19,405	45,519	267,876	14.52%	
514313	Legal Services		15,000	873	959	14,041	6.39%	
536318	Technology Services		87,174	5,009	15,029	72,145	17.24%	G
536319	Other Professional Services		65,119	1,327	2,876	62,243	4.42%	H
536321	Accounting Services		2,000	-	-	2,000	0.00%	
536322	Auditing Services		13,040	2,797	2,797	10,243	21.45%	
536323	Trustee Services		15,497	14,258	14,258	1,239	92.00%	I
536343	Systems Management Support		13,088	521	548	12,540	4.19%	
536349	Misc Contractual Services		2,956,659	228,997	687,268	2,269,391	23.24%	
536412	Postage		2,000	17	17	1,983	0.85%	
536431	Electricity		1,398,389	53,974	210,739	1,187,650	15.07%	
536433	Water & Sewer		60,000	-	-	60,000	0.00%	
536442	Equipment Rental		45,000	1,650	3,375	41,625	7.50%	
536451	Casualty & Liability Insurance		220,281	16,740	50,220	170,061	22.80%	
536462	Building/Structure Maintenance		776,750	101,999	105,569	671,181	13.59%	
536463	Landscape Maint. Recurring		66,838	3,209	11,661	55,177	17.45%	
536464	Landscape Maint.NonRecurring		14,000	-	-	14,000	0.00%	
536465	Vehicle Repair & Maintenance		-	(9)	-	-	0.00%	J
536471	Printing & Binding		1,500	-	-	1,500	0.00%	
536491	Bank Charges		300	-	12	288	4.00%	
536493	Permits & Licenses		6,000	500	1,500	4,500	25.00%	
536497	Legal Advertising		2,000	120	147	1,853	7.35%	
536499	Misc Current Charges		1,000	9	189	811	18.90%	
536522	Operating Supplies		500	-	-	500	0.00%	
536524	NonCapital FF&E		-	-	2,321	(2,321)	0.00%	K
536526	Meter Supplies		82,500	-	-	82,500	0.00%	
536529	Operating Supplies - Other		234,025	9,627	30,844	203,181	13.18%	
	Subtotal Operating Expenses		\$ 7,143,886	\$ 522,565	\$ 1,370,477	\$ 5,773,409	19.18%	
536633	Infrastructure		\$ 1,795,238	\$ 121,253	\$ 189,257	\$ 1,605,981	10.54%	
	Subtotal Capital Outlay- Expenses		\$ 1,795,238	\$ 121,253	\$ 189,257	\$ 1,605,981	10.54%	
536710	Principal		\$ 3,015,000	\$ -	\$ 3,015,000	\$ -	100.00%	L
536721	Interest Expense Senior Debt		7,728,118	644,010	1,932,029	5,796,089	25.00%	
536722	Interest Expense Subordinate		1,073,663	89,472	268,415	805,248	25.00%	
517730	Miscellaneous Bond Expenses		2,500	-	-	2,500	0.00%	
	Subtotal Non-operating Expenses		\$ 11,819,281	733,482	5,215,444	6,603,837	44.13%	
536911	Trans to Gen R&R		3,000,000	250,000	750,000	\$ 2,250,000	25.00%	
	Subtotal Transfers		\$ 3,000,000	\$ 250,000	\$ 750,000	\$ 2,250,000	25.00%	
	Total Expenditures		\$ 23,776,302	\$ 1,627,300	\$ 7,525,483	\$ 16,250,819	31.65%	
369901	Change in Unreserved Net Position		\$ (1,849,802)	\$ 250,272	\$ (1,811,825)	\$ 37,977		
Change in Net Assets indicates a budget decrease in Working Capital of \$1,849,802.								

NORTH SUMTER UTILITY FUND						
OPERATING BUDGET						
BUDGET TO ACTUAL STATEMENT AS OF: December 31, 2018 (Unaudited)						
Three (3) Months of Operations- 25.00% of Year						
Fund Balance Analysis:	Balance Forward **09/30/18	Current Month Actual	Year to Date Actual	Current Balance		
Net Position Restricted R&R Reserve	\$ 416,334	\$ -	\$ -	\$ 416,334		
Unrestricted Unreserved	(9,117,050)	-	-	(9,117,050)		
Net Position Unrestricted R&R General	10,785,681	250,000	750,000	11,535,681		
Current Fund Balance	-	250,272	(1,811,825)	(1,811,825)		
Total Fund Balance	\$ 2,084,965	\$ 500,272	\$ (1,061,825)	\$ 1,023,140		
** Beginning fund balance is preliminary until completion of 2017/18 audit.						
Footnotes:						
A:	NSU charges \$90.00 per new home sale.					
B:	Majority of revenue is from Back Flow Non-Compliance fees for commercial accounts.					
C:	Interest Income includes monthly interest from CFB, our depository bank, and investments with Florida Cooperative Liquid Assets Security System (FLCLASS), Florida Education Investment Trust Fund (FEITF), and Florida Fixed Income Trust (FLFIT).					
	Month	CFB	FLCLASS	FEITF	FLFIT	
	Oct-18	1.64%	2.29%	2.26%	2.58%	
	Nov-18	1.64%	2.41%	2.32%	2.64%	
	Dec-18	1.73%	2.51%	2.46%	2.69%	
D:	The Unrealized gain/loss for FLGIT and LTIP will not be available until next month. The current month's investment rate of return will not be available until next month.					
	Month	FLGIT	LTIP			
	Oct-18	0.96%	-63.06%			
	Nov-18	3.37%	12.39%			
	Dec-18	--	--			
E:	The Board did not meet in October or December, therefore personnel expenses are less than budget.					
F:	Annual workers compensation insurance payment was made in October.					
G:	A budget adjustment will be done in January 2019 to reflect the finalized allocation for Technology Fees, \$60,110 for the year.					
H:	NSU has not received current chargesfor Investment Advisory Fees resulting in Other Professional Services running under budget.					
I:	Annual Trustee Fees					
J:	Reclass of expenses to the appropriate account resulted in a negative amount for the month.					
K:	Replacement of water tower equipment due to being struck by lightning.					
L:	The annual Debt Service Principal payment was made in October .					

SUMTER SANITATION FUND							
OPERATING BUDGET							
BUDGET TO ACTUAL STATEMENT AS OF: December 31, 2018 (Unaudited)							
Three (3) Months of Operations- 25.00% of Year							
Account Number	Description of Account		Actual Information			Percent of Annual Budget	Footnotes
			Annual Budget	Current Month Actual	Year-to-Date Actual	Year-to-Date Variance	
	REVENUES:					Over/(Under)	
341999	Misc Revenue		\$ 18,000	\$ 1,500	\$ 4,500	\$ (13,500)	25.00%
343401	Solid Waste - Residential		11,000,000	918,840	2,755,756	(8,244,244)	25.05%
343402	Solid Waste - Commercial		1,000,000	83,141	245,319	(754,681)	24.53%
343404	Solid Waste-Late Pymt Pnty Fee		15,000	1,298	3,878	(11,122)	25.85%
343405	SW Fee-Residential-FP		440,000	36,497	109,162	(330,838)	24.81%
343406	SW Fee-Commercial-FP		2,400	-	-	(2,400)	0.00%
361102	Int Income - Cash Equiv		28,450	5,467	15,263	(13,187)	53.65% A
361103	Int Income - USB		45,000	8,490	16,391	(28,609)	36.42%
	Total Revenues:		\$ 12,548,850	\$ 1,055,233	\$ 3,150,269	\$ (9,398,581)	25.10%
361306	FLGIT-Unrealized Gain/Loss		-	1,460	1,878	1,878	0.00% B
361309	FLFIT-Unrealized Gain/Loss		-	76	(230)	(230)	0.00% A
361409	FLFIT-Realized Gain/Loss		-	703	2,020	2,020	0.00% A
	Total Available Resources:		\$ 12,548,850	\$ 1,057,472	\$ 3,153,937	\$ (9,394,913)	25.13%
	EXPENDITURES:					Under/(Over)	
511111	Executive Salaries		8,615	-	137	8,478	1.59% C
511211	Social Security Taxes		534	-	8	526	1.50% C
511212	Medicare Taxes		124	-	2	122	1.61% C
511241	Worker's Compensation		23	-	-	23	0.00%
	Subtotal Personnel Services		\$ 9,296	\$ -	\$ 147	\$ 9,149	1.58%
534311	Management Fees		\$ 154,933	\$ 12,934	\$ 38,822	\$ 116,111	25.06%
514313	Legal Services		11,527	332	332	11,195	2.88%
534318	Technology Services		15,403	1,035	3,107	12,296	20.17%
534319	Other Professional Services		497	-	22	475	4.43%
534321	Accounting Services		1,020	-	-	1,020	0.00%
534322	Auditing Services		7,097	1,453	1,453	5,644	20.47%
534323	Trustee Services		15,497	14,258	14,258	1,239	92.00% D
534343	Systems Management Support		111	13	26	85	23.42%
534349	Misc Contractual Services		6,908,093	573,703	1,720,479	5,187,614	24.91%
534412	Postage		3,382	-	-	3,382	0.00%
534438	Recycling Expenses-FP		3,937	590	1,766	2,171	44.86% E
534439	Recycling Expenses Non-FP		371,393	28,896	86,550	284,843	23.30%
534445	Ground Lease		18,381	1,500	4,500	13,881	24.48%
534461	Equipment Maintenance		20,400	-	2,177	18,223	10.67%
534471	Printing & Binding		5,120	-	1,532	3,588	29.92%
534499	Misc Current Charges		1,025,916	84,890	248,246	777,670	24.20%
534521	Gasoline/Diesel		68,919	-	-	68,919	0.00%
534522	Operating Supplies		3,121	-	-	3,121	0.00%
534524	Non-Capital FF&E		68,562	-	-	68,562	0.00%
	Subtotal Operating Expenses		\$ 8,703,309	\$ 719,604	\$ 2,123,270	\$ 6,580,039	24.40%
534711	Senior Debt		995,000	-	995,000	-	100.00% F
534712	Junior Debt		75,000	-	75,000	-	100.00% F
534721	Interest Expense - Senior Debt		2,336,250	194,688	584,058	1,752,192	25.00%
534722	Interest Expense - Subordinate		184,750	15,396	46,186	138,564	25.00%
517730	Miscellaneous Bond Expenses		-	-	-	-	0.00%
	Subtotal Non-operating Expenses		\$ 3,591,000	\$ 210,084	\$ 1,700,244	\$ 1,890,756	47.35%
534911	Trans to Gen R&R		250,000	20,833	62,503	187,497	
	Subtotal Transfers		\$ 250,000	\$ 20,833	\$ 62,503	\$ 187,497	25.00%
	Total Expenditures		\$ 12,553,605	\$ 950,521	\$ 3,886,164	\$ 8,667,441	30.96%
369901	Change in Unreserved Net Position		\$ (4,755)	\$ 106,951	\$ (732,227)	\$ (727,472)	
	Change in Net Assets indicates a budget decrease in Working Capital of \$4,755						

OPERATING BUDGET
BUDGET TO ACTUAL STATEMENT AS OF: December 31, 2018 (Unaudited)
Three (3) Months of Operations- 25.00% of Year

[illegible]

**NORTH SUMTER COUNTY UTILITY DEPENDENT DISTRICT (NSCUDD)
CASH AND INVESTMENT SUMMARY
AS OF DECEMBER 31, 2018**

Fund Code	Account Name	Bank	Balance as of 10/01/18	Current Balance	Reconciled Yes/No
NORTH SUMTER UTILITY FUND (NSU)					
442	Cash Operating	CFB	1,103,410.84	1,236,626.38	Yes
442	FLCLASS	FLCLASS	9,130,985.40	9,841,175.52	Yes
442	FEITF	FEITF	5,841,611.14	5,876,266.37	Yes
442	Cash-FL-FIT	FLFIT	3,511,973.22	3,532,274.93	Yes
442	Cash FLGIT	FLGIT	4,196,134.76	4,211,325.92	Yes
442	Cash LTIP USB	LTIP	2,967,694.50	2,840,529.61	Yes
			26,751,809.86	27,538,198.73	
DEBT SERVICE FUND - TRUST ACCOUNTS					
442	Senior Reserve Fund 2010	USB	6,173,529.69	6,213,475.93	Yes
442	Subordinate Reserve Fund 2010	USB	1,446,479.24	1,455,838.79	Yes
442	Sr/Sub - Utility Guaranty Fund 2010	USB	-	-	Yes
442	Senior Interest Fund 2010	USB	3,998,676.93	2,010,030.02	Yes
442	Subordinate Interest Fund 2010	USB	554,066.09	279,186.90	Yes
442	Senior Principal Fund 2010	USB	2,753,844.40	762,440.82	Yes
442	Subordinate Principal Fund 2010	USB	309,868.25	85,691.23	Yes
442	Sr/Sub - Repair & Repl Fund 2010	USB	429,096.77	431,873.27	Yes
442	SR - Term Bond Redemption Fund 2010	USB	-	-	Yes
442	Sub- Term Bond Redemption Fund 2010	USB	-	-	Yes
			15,665,561.37	11,238,536.96	
SUMTER SANITATION FUND (SSF)					
444	Cash Operating	CFB	553,329.14	191,513.73	Yes
444	FLCLASS	FLCLASS	1,594,628.51	2,485,989.14	Yes
444	FEITF	FEITF	293,716.65	295,459.11	Yes
444	Cash-FL-FIT	FLFIT	309,560.84	311,350.32	Yes
444	Cash FLGIT	FLGIT	518,692.12	520,569.92	Yes
			3,269,927.26	3,804,882.22	
SOLID WASTE TRUST ACCOUNTS					
444	Principal Fund 2012	USB	1,086,208.55	302,857.08	Yes
444	Interest Fund 2012	USB	1,307,109.53	653,732.87	Yes
444	Sr Reserve Fund 2012	USB	3,496,064.21	3,518,685.73	Yes
444	Debt Service Fund 2012	USB	-	-	Yes
444	Term Bond Redemption Fund 2012	USB	-	-	Yes
444	Ins & Condemnation Proceeds Fund 2012	USB	-	-	Yes
444	Redemption Fund 2012	USB	-	-	Yes
444	Rebate Fund 2012	USB	-	-	Yes
444	Sub Reserve Fund 2012	USB	280,550.58	282,365.90	Yes
444	Construction Fund	USB	-	-	Yes
444	Solid Waste Rev Guaranty Fund 2012	USB	71,288.32	71,749.59	Yes
			6,241,221.19	4,829,391.17	

NSU Total

SSF Total

Grand Totals

42,417,371.23	38,776,735.69
9,511,148.45	8,634,273.39
51,928,519.68	47,411,009.08



AGENDA REQUEST

TO: Board of Directors
North Sumter County Utility Dependent District

FROM: Richard J. Baier, District Manager

DATE: 2/14/2019

SUBJECT: **Recognition of Service**

ISSUE:

ANALYSIS/INFORMATION:

STAFF RECOMMENDATION:

MOTION: