

**NORTH SPRINGS  
IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS**

September 30, 2012



NORTH SPRINGS IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS  
September 30, 2012

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# BASIC FINANCIAL STATEMENTS





## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
North Springs Improvement District  
Coral Springs, Florida

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District") as of and for the year ended September 30, 2012, which collectively comprises the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District, as of September 30, 2012, and the respective changes in financial position and the cash flows where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress – Other Post-employment Benefits Plan on pages 3 through 7 and page 36 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

North Springs Improvement District

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
May 29, 2013

**NORTH SPRINGS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2012**

Our discussion and analysis of North Springs Improvement District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements. The District implemented new reporting standards three years ago which resulted in significant changes in content and structure. Therefore, comparisons are now more meaningful and go further in explaining the District's financial position and results of operations.

**FINANCIAL HIGHLIGHTS**

The following are the highlights of financial activity for the year ended September 30, 2012:

- The District's total assets exceeded total liabilities by \$ 119,282,106 (net assets). Unrestricted net assets for governmental activities were \$ (1,847,365). Unrestricted business-type activities were \$ 1,148,505.
- Governmental activities revenues totaled \$ 7,772,839 while governmental activities expenses totaled \$ 8,942,331. Business-type revenues totaled \$ 10,633,930 including interest income and unrealized gains on investments totaling \$ 82,889. Business-type expenses totaled \$ 9,439,191.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The government-wide financial statements present an overall picture of the District's financial position and results of operations. The fund financial statements present financial information for the District's major funds. The notes to basic financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund financial statements.

**Government-Wide Financial Statements**

The Government-wide financial statements are the statement of net assets and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net assets of governmental activities and business-type activities and the change in net assets. Governmental activities are primarily supported by property tax assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer services.

The statement of net assets presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Assets, liabilities, and net assets are reported for all governmental activities separate from the assets, liabilities, and net assets of business-type activities.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2012

The statement of activities presents information on all revenues and expenses of the District and the change in net assets. Expenses are reported by major function and program. Revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include physical environment and general government. Business-type activities financed by user charges include water and sewer services.

**Fund Financial Statements**

Fund financial statements present financial information for governmental funds and proprietary funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the fund, changes in current financial resources (revenues and expenditures), and current available resources. The enterprise fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures and change in fund balance for the governmental fund. A statement of revenues, expenditures, and change in fund balance - budget and actual, is provided for the District's General Fund. For enterprise funds, a statement of net assets, a statement of revenues, expenses and change in net assets, and a statement of cash flows are presented. Fund financial statements provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses and to comply with legal requirements.

The government-wide financial statements and the fund financial statements provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing, split between governmental activities and business-type activities. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including buildings, land, machinery and equipment, construction-in-progress and infrastructure are reported in the statement of net assets. All liabilities, including principal outstanding on bonds, and future employee benefits, obligated but not paid by the District, are included. The statement of activities includes a provision for depreciation of all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The fund financial statements provide a picture of the major funds of the District. In the case of governmental activities, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as general obligations bonds, are not included in the fund financial statements. To provide a link from the fund financial statements to the government-wide financial statements, reconciliations are provided from the fund financial statements to the government-wide financial statements.

**Notes to the Basic Financial Statements**

The notes provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, debt, and retirement plans are some of the items included in the notes to basic financial statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net assets as of September 30, 2012 and 2011:

**North Springs Improvement District  
Statements of Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
CURRENT AND OTHER ASSETS	\$ 2,263,090	\$ 2,154,571	\$ 8,910,064	\$ 8,545,297	\$ 11,173,154	\$ 10,699,868
RESTRICTED ASSETS	9,832,925	13,273,447	28,621,697	4,777,731	38,454,622	18,051,178
CAPITAL ASSETS (NET)	<u>110,902,367</u>	<u>112,132,957</u>	<u>62,679,616</u>	<u>54,219,425</u>	<u>173,581,983</u>	<u>166,352,382</u>
Total assets	<u>122,998,382</u>	<u>127,560,975</u>	<u>100,211,377</u>	<u>67,542,453</u>	<u>223,209,759</u>	<u>195,103,428</u>
CURRENT LIABILITIES	3,819,802	4,516,027	5,979,707	3,147,809	9,799,509	7,663,836
NONCURRENT LIABILITIES	<u>46,010,858</u>	<u>48,707,734</u>	<u>48,117,286</u>	<u>19,474,999</u>	<u>94,128,144</u>	<u>68,182,733</u>
Total liabilities	<u>49,830,660</u>	<u>53,223,761</u>	<u>54,096,993</u>	<u>22,622,808</u>	<u>103,927,653</u>	<u>75,846,569</u>
NET ASSETS						
Invested in capital assets, net of related debt	72,295,492	73,353,188	41,838,639	35,750,503	114,134,131	109,103,691
Restricted	2,719,595	1,745,740	3,127,240	2,744,560	5,846,835	4,490,300
Unrestricted	<u>(1,847,365)</u>	<u>(761,714)</u>	<u>1,148,505</u>	<u>6,424,582</u>	<u>(698,860)</u>	<u>5,662,868</u>
Total net assets	\$ <u>73,167,722</u>	\$ <u>74,337,214</u>	\$ <u>46,114,384</u>	\$ <u>44,919,645</u>	\$ <u>119,282,106</u>	\$ <u>119,256,859</u>

**Governmental and Business-Type Activities**

Governmental activities decreased the District's net assets by \$ 1,169,492, while business-type activities increased the District's net assets by \$ 1,194,739, as reflected in the table below:

**North Springs Improvement District  
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
REVENUES:						
Charges for services	\$ -	\$ -	\$ 10,538,732	\$ 10,401,427	\$ 10,538,732	\$ 10,401,427
Taxes:						
Assessments	7,661,517	9,420,422	-	-	7,661,517	9,420,422
Other	<u>103,480</u>	<u>122,992</u>	<u>12,309</u>	<u>202,246</u>	<u>115,789</u>	<u>325,238</u>
Total revenues	<u>7,764,997</u>	<u>9,543,414</u>	<u>10,551,041</u>	<u>10,603,673</u>	<u>18,316,038</u>	<u>20,147,087</u>
EXPENSES:						
General government	750,153	466,914	-	-	750,153	466,914
Physical environment	1,860,687	1,917,802	-	-	1,860,687	1,917,802
Water and sewer	-	-	6,603,082	6,472,521	6,603,082	6,472,521
Provisions for depreciation and amortization	3,589,666	3,493,045	2,112,763	2,107,109	5,702,429	5,600,154
Interest expense and other debt service costs	<u>2,741,825</u>	<u>2,920,368</u>	<u>723,346</u>	<u>996,289</u>	<u>3,465,171</u>	<u>3,916,657</u>
Total expenses	<u>8,942,331</u>	<u>8,798,129</u>	<u>9,439,191</u>	<u>9,575,919</u>	<u>18,381,522</u>	<u>18,374,048</u>
Change in net assets before other income (expense)	<u>(1,177,334)</u>	<u>745,285</u>	<u>1,111,850</u>	<u>1,027,754</u>	<u>(65,484)</u>	<u>1,773,039</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2012**

**North Springs Improvement District  
Statements of Activities  
(continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
OTHER INCOME (EXPENSE):						
Interest income	3,788	4,885	4,078	17,738	7,866	22,623
Unrealized gain on investments	4,054	2,527	78,811	49,242	82,865	51,769
Total other income (expense)	<u>7,842</u>	<u>7,412</u>	<u>82,889</u>	<u>66,980</u>	<u>90,731</u>	<u>74,392</u>
Change in net assets	(1,169,492)	752,697	1,194,739	1,094,734	25,247	1,847,431
NET ASSETS, beginning of the year	<u>74,337,214</u>	<u>73,584,517</u>	<u>44,919,645</u>	<u>43,824,911</u>	<u>119,256,859</u>	<u>117,409,428</u>
NET ASSETS, end of the year	<u>\$ 73,167,722</u>	<u>\$ 74,337,214</u>	<u>\$ 46,114,384</u>	<u>\$ 44,919,645</u>	<u>\$ 119,282,106</u>	<u>\$ 119,256,859</u>

**ANALYSIS OF THE GOVERNMENTAL FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focuses of the District's governmental funds are to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 11,030,854.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District's capital assets less accumulated depreciation for its governmental activities and business-type activities as of September 30, 2012 amounts to \$ 110,902,367 and \$ 62,679,616, respectively, and consists of land, buildings, infrastructure, equipment, meters in the field and construction-in-progress.

At the end of the year, the District's governmental activities had debt outstanding of \$ 48,439,800 net of deferred losses on early retirements and discounts of \$ 345,200. The District's business activities had debt outstanding of \$ 49,462,674 net of deferred losses on early retirement of \$ 602,326.

Additional information on the District's debt can be found in Note 5 on pages 28 through 31 of this report.

**General Fund Budgetary Highlights**

An operating budget for the General Fund was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The General Fund budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. On November 7, 2012, the General Fund budget was amended in order to reallocate certain expenditures in year ended September 30, 2012 as a result of adjustments of revenues and expenses approved during the fiscal year.

**NORTH SPRINGS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2012**

**ECONOMIC FACTORS AND NEXT YEAR'S UTILITY RATES**

In May 2010, the Board approved utility rate increases beginning in 2010 and increasing each year until 2013.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of North Springs Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the North Springs Improvement District, 9700 NW 52<sup>nd</sup> Street, Coral Springs, Florida 33076.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF NET ASSETS**  
September 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,430,301	\$ 6,691,339	\$ 8,121,640
Prepaid expenses	28,280	22,804	51,084
Accounts receivable	-	1,341,176	1,341,176
Internal balances	(78,185)	78,185	-
Due from other sources	-	5,402	5,402
	<u>1,380,396</u>	<u>8,138,906</u>	<u>9,519,302</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	9,832,925	28,621,697	38,454,622
Bond issuance costs, net	882,694	771,158	1,653,852
Capital assets not being depreciated:			
Land and improvements	12,243,726	2,770,294	15,014,020
Construction in progress	49,000	12,626,918	12,675,918
Easements	-	82,785	82,785
Capital assets being depreciated:			
Buildings and improvements	3,618,942	351,547	3,970,489
Infrastructure	138,235,619	71,925,723	210,161,342
Equipment	690,010	2,161,772	2,851,782
Less accumulated depreciation	(43,934,930)	(27,239,423)	(71,174,353)
	<u>121,617,986</u>	<u>92,072,471</u>	<u>213,690,457</u>
Total noncurrent assets			
	<u>122,998,382</u>	<u>100,211,377</u>	<u>223,209,759</u>
Total assets			
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	64,069	497,494	561,563
Accrued liabilities	23,153	191,298	214,451
Contracts payable	29,745	1,396,869	1,426,614
Customer deposits	65,500	593,348	658,848
Due to developer	-	884,695	884,695
Accrued interest	1,091,705	822,026	1,913,731
Bonds payable	2,535,000	1,585,000	4,120,000
Compensated absences payable	10,630	8,977	19,607
	<u>3,819,802</u>	<u>5,979,707</u>	<u>9,799,509</u>
Total current liabilities			

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF NET ASSETS  
(continued)  
September 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Noncurrent liabilities:			
Compensated absences payable	59,025	82,645	141,670
Net OPEB obligation	47,033	156,967	204,000
Bonds payable	<u>45,904,800</u>	<u>47,877,674</u>	<u>93,782,474</u>
Total noncurrent liabilities	<u>46,010,858</u>	<u>48,117,286</u>	<u>94,128,144</u>
Total liabilities	<u>49,830,660</u>	<u>54,096,993</u>	<u>103,927,653</u>
NET ASSETS:			
Invested in capital assets, net of related debt	72,295,492	41,838,639	114,134,131
Restricted for:			
Renewal and replacement	-	1,175,334	1,175,334
Debt service	2,719,595	1,951,906	4,671,501
Unrestricted	<u>(1,847,365)</u>	<u>1,148,505</u>	<u>(698,860)</u>
Total net assets	<u>\$ 73,167,722</u>	<u>\$ 46,114,384</u>	<u>\$ 119,282,106</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Capital Grants and Donations</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>FUNCTIONS/PROGRAMS:</b>						
Governmental activities:						
General government	\$ 750,153	\$ -	\$ -	\$ (750,153)	\$ -	\$ (750,153)
Physical environment	1,860,687	-	-	(1,860,687)	-	(1,860,687)
Provision for depreciation and amortization	3,589,666	-	-	(3,589,666)	-	(3,589,666)
Interest expense and other debt service costs	2,741,825	-	-	(2,741,825)	-	(2,741,825)
Total governmental activities	<u>8,942,331</u>	<u>-</u>	<u>-</u>	<u>(8,942,331)</u>	<u>-</u>	<u>(8,942,331)</u>
Business-type activities:						
Personnel services	2,105,429	18,519	-	-	(2,086,910)	(2,086,910)
Materials, supplies and services	4,497,653	10,520,213	-	-	6,022,560	6,022,560
Provision for depreciation and amortization	2,112,763	-	-	-	(2,112,763)	(2,112,763)
Interest expense	723,346	-	-	-	(723,346)	(723,346)
Total business-type activities	<u>9,439,191</u>	<u>10,538,732</u>	<u>-</u>	<u>-</u>	<u>1,099,541</u>	<u>1,099,541</u>
Total primary government	<u>\$ 18,381,522</u>	<u>\$ 10,538,732</u>	<u>\$ -</u>	<u>(8,942,331)</u>	<u>1,099,541</u>	<u>(7,842,790)</u>
General revenues:						
Special assessments				7,661,517	-	7,661,517
Investment earnings				3,788	4,078	7,866
Miscellaneous				103,480	12,309	115,789
Unrealized gain on investments				4,054	78,811	82,865
Total general revenues				<u>7,772,839</u>	<u>95,198</u>	<u>7,868,037</u>
Change in net assets				(1,169,492)	1,194,739	25,247
Net assets, October 1, 2011				<u>74,337,214</u>	<u>44,919,645</u>	<u>119,256,859</u>
Net assets, September 30, 2012				<u>\$ 73,167,722</u>	<u>\$ 46,114,384</u>	<u>\$ 119,282,106</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
September 30, 2012

	<u>General</u>	<u>207 Debt Service</u>	<u>307 Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,430,301	\$ -	\$ -	\$ -	\$ 1,430,301
Prepaid expenditures	28,280	-	-	-	28,280
Due from other funds	475	3,061	-	695	4,231
Restricted assets:					
Investments at fair value	<u>-</u>	<u>2,322,985</u>	<u>3,025,055</u>	<u>4,484,885</u>	<u>9,832,925</u>
Total assets	<u>\$ 1,459,056</u>	<u>\$ 2,326,046</u>	<u>\$ 3,025,055</u>	<u>\$ 4,485,580</u>	<u>\$ 11,295,737</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Accounts payable	\$ 64,069	\$ -	\$ -	\$ -	\$ 64,069
Accrued liabilities	23,153	-	-	-	23,153
Customer deposits	65,500	-	-	-	65,500
Due to other funds	82,018	-	-	398	82,416
Contracts payable	<u>-</u>	<u>-</u>	<u>28,384</u>	<u>1,361</u>	<u>29,745</u>
Total liabilities	<u>234,740</u>	<u>-</u>	<u>28,384</u>	<u>1,759</u>	<u>264,883</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	28,280	-	-	-	28,280
Restricted for:					
Debt service	-	2,326,046	-	4,185,281	6,511,327
Capital projects	-	-	2,996,671	298,540	3,295,211
Assigned to:					
First quarter operating reserves	50,000	-	-	-	50,000
Unassigned	<u>1,146,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,146,036</u>
Total fund balances	<u>1,224,316</u>	<u>2,326,046</u>	<u>2,996,671</u>	<u>4,483,821</u>	<u>11,030,854</u>
Total liabilities and fund balances	<u>\$ 1,459,056</u>	<u>\$ 2,326,046</u>	<u>\$ 3,025,055</u>	<u>\$ 4,485,580</u>	<u>\$ 11,295,737</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
September 30, 2012

AMOUNTS REPORTED FOR GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET ASSETS  
ARE DIFFERENT BECAUSE:

Total fund balance of the governmental fund in the  
balance sheet, page 11 \$ 11,030,854

Capital assets not being depreciated and construction  
in progress used in governmental activities are not  
financial resources and, therefore, are not reported  
in the funds.

Land and improvements	\$ 12,243,726	
Construction in progress	<u>49,000</u>	12,292,726

Capital assets being depreciated used in governmental  
activities are not financial resources and, therefore,  
are not reported in the funds.

Infrastructure	138,235,619	
Buildings and improvements	3,618,942	
Machinery and equipment	690,010	
Accumulated depreciation	<u>(43,934,930)</u>	98,609,641

Bond issuance costs used in governmental activities  
are not financial resources and, therefore, are not  
reported in the funds.

Bond issuance costs	1,657,474	
Accumulated amortization	<u>(774,780)</u>	882,694

Long-term liabilities, including bonds payable and  
accrued compensated absences, less net bond  
discounts and net deferred amounts on refunding  
are not due and payable in the current period and,  
therefore, are not reported in the funds.

Bonds payable	(48,785,000)	
Net deferred amounts on refunding	345,200	
Accrued interest payable on long term debt	(1,091,705)	
OPEB obligation	(47,033)	
Compensated absences	<u>(69,655)</u>	<u>(49,648,193)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES,  
PAGE 10 \$ 73,167,722

The accompanying notes to basic financial statements are an integral part of these statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2012

	General	207 Debt Service	307 Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Special assessments	\$ 2,222,544	\$ 1,730,903	\$ -	\$ 3,708,070	\$ 7,661,517
Permit fees	9,550	-	-	-	9,550
Interest income	2,844	231	275	438	3,788
Contract personnel fees	25,272	-	-	-	25,272
Unrealized gain on investments	4,054	-	-	-	4,054
Miscellaneous revenues	68,658	-	-	-	68,658
	<u>2,332,922</u>	<u>1,731,134</u>	<u>275</u>	<u>3,708,508</u>	<u>7,772,839</u>
<b>EXPENDITURES:</b>					
Current:					
General government:					
Personal services	511,999	-	-	-	511,999
Operating	234,005	-	-	-	234,005
Physical environment:					
Personal services	520,322	-	-	-	520,322
Operating	1,316,758	-	-	-	1,316,758
Capital outlay	568,054	-	1,950,013	677,622	3,195,689
Debt service:					
Principal	-	845,000	-	1,795,000	2,640,000
Interest	-	946,938	-	1,812,693	2,759,631
Other	-	12,327	-	30,028	42,355
	<u>3,151,138</u>	<u>1,804,265</u>	<u>1,950,013</u>	<u>4,315,343</u>	<u>11,220,759</u>
Net change in fund balances	<u>(818,216)</u>	<u>(73,131)</u>	<u>(1,949,738)</u>	<u>(606,835)</u>	<u>(3,447,920)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	48,894	-	-	128,991	177,885
Operating transfers out	-	(34,184)	-	(143,701)	(177,885)
	<u>48,894</u>	<u>(34,184)</u>	<u>-</u>	<u>(14,710)</u>	<u>-</u>
Net change in fund balances	<u>(769,322)</u>	<u>(107,315)</u>	<u>(1,949,738)</u>	<u>(621,545)</u>	<u>(3,447,920)</u>
FUND BALANCES, October 1, 2011	<u>1,993,638</u>	<u>2,433,361</u>	<u>4,946,409</u>	<u>5,105,366</u>	<u>14,478,774</u>
FUND BALANCES, September 30, 2012	<u>\$ 1,224,316</u>	<u>\$ 2,326,046</u>	<u>\$ 2,996,671</u>	<u>\$ 4,483,821</u>	<u>\$ 11,030,854</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2012**

**AMOUNTS REPORTED FOR GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
RE DIFFERENT BECAUSE:**

Net change in fund balance - total governmental fund, page 13 \$ (3,447,920)

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

Capital outlay	\$ 3,195,689	
Current year depreciation	<u>(3,406,782)</u>	(211,093)

The issuance of long-term debt (e.g. bonds and notes payable) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities.

Principal payments	2,640,000	
Amortization of bond issuance costs and discounts	<u>(182,884)</u>	2,457,116

Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources.

Change in accrued interest payable	60,161	
Change in OPEB obligation	(21,347)	
Change in compensated absences	<u>(6,409)</u>	<u>32,405</u>

**CHANGE IN NET ASSETS OF GOVERNMENTAL  
ACTIVITIES, PAGE 10 \$ (1,169,492)**

The accompanying notes to basic financial statements are an integral part of these statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Special assessments	\$ 2,189,643	\$ 2,218,243	\$ 2,222,544	\$ 4,301
Investment earnings	-	2,105	2,844	739
Contract personnel fees	-	-	25,272	25,272
Permit fees	5,000	9,000	9,550	550
Other revenues	212,000	91,000	68,658	(22,342)
Unrealized gain on investments	-	-	4,054	4,054
	<u>2,406,643</u>	<u>2,320,348</u>	<u>2,332,922</u>	<u>12,574</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Personal	548,088	504,368	511,999	(7,631)
Operating	246,912	217,342	234,005	(16,663)
Physical environment:				
Personal	541,178	502,378	520,322	(17,944)
Operating	1,156,465	1,373,423	1,316,758	56,665
Capital outlay	45,000	571,544	568,054	3,490
	<u>2,537,643</u>	<u>3,169,055</u>	<u>3,151,138</u>	<u>17,917</u>
Excess (deficiency) of revenues over expenditures	(131,000)	(848,707)	(818,216)	30,491
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	-	-	48,894	(48,894)
Reserved for designated projects and emergencies	(10,500)	-	-	-
Appropriation of prior years' fund balance	325,000	899,000	-	899,000
Reserved for first quarter operating	(183,500)	(50,293)	-	(50,293)
	<u>131,000</u>	<u>848,707</u>	<u>48,894</u>	<u>799,813</u>
Net change in fund balance	-	-	(769,322)	(769,322)
<b>FUND BALANCE, October 1, 2011</b>	<u>-</u>	<u>-</u>	<u>1,993,638</u>	<u>1,993,638</u>
<b>FUND BALANCE, September 30, 2012</b>	<u>-</u>	<u>-</u>	<u>1,224,316</u>	<u>1,224,316</u>

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF NET ASSETS  
ENTERPRISE FUND  
For the Year Ended September 30, 2012

ASSETS:

Current assets:

Cash and cash equivalents	\$	6,691,339
Accounts receivable		1,341,176
Prepaid expenses		22,804
Due from other funds		78,185
Due from other sources		5,402
		8,138,906

Total current assets

8,138,906

Noncurrent assets:

Restricted assets:

Cash and cash equivalents		28,621,697
Bond issuance costs, net		771,158

Capital assets:

Depreciable (net)		47,199,619
Nondepreciable		15,479,997
		92,072,471

Total noncurrent assets

92,072,471

Total assets

\$ 100,211,377

LIABILITIES:

Current liabilities:

Accounts payable	\$	497,494
Accrued liabilities		191,298
Contracts payable		1,396,869
Due to developer		884,695
Customer deposits		593,348
Accrued interest		822,026
Compensated absences payable		8,977
Bonds payable		1,585,000
		5,979,707

Total current liabilities

5,979,707

Noncurrent liabilities:

Compensated absences payable		82,645
Net OPEB obligation		156,967
Bonds payable		47,877,674
		48,117,286

Total noncurrent liabilities

48,117,286

Total liabilities

54,096,993

NET ASSETS:

Invested in capital assets, net of related debt		41,838,639
Restricted for renewal and replacement		1,175,334
Restricted for debt service		1,951,906
Unrestricted		1,148,505
		46,114,384

Total net assets

\$ 46,114,384

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
ENTERPRISE FUND  
September 30, 2012

OPERATING REVENUES:

Charges for services:	
Water and sewer	\$ 6,002,853
Sewer	3,724,532
Connection fees	407,574
Miscellaneous fees	302,901
Meter fees	82,353
Contract personnel fees	<u>18,519</u>
Total operating revenues	<u>10,538,732</u>

OPERATING EXPENSES:

Personal services	2,105,429
Materials, supplies and services	4,497,653
Provisions for depreciation and amortization	<u>2,112,763</u>
Total operating expenses	<u>8,715,845</u>
Operating income	<u>1,822,887</u>

NONOPERATING REVENUES (EXPENSES):

Miscellaneous revenues	12,309
Unrealized gain on investments	78,811
Interest earnings	4,078
Interest expense and other debt expense	<u>(723,346)</u>
Total nonoperating revenue (expenses)	<u>(628,148)</u>
Change in net assets	<u>1,194,739</u>

NET ASSETS, October 1, 2011	<u>44,919,645</u>
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NET ASSETS, September 30, 2012	<u>\$ 46,114,384</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
September 30, 2012

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 10,460,917
Payments to suppliers for goods and services	(3,483,894)
Payments to employees for services	<u>(2,062,564)</u>
Net cash provided by operating activities	<u>4,914,459</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash received from grants and other miscellaneous activities	<u>12,309</u>
Net cash provided by noncapital financing activities	<u>12,309</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Bonds issued	50,065,000
Purchase of capital assets	(9,255,204)
Bond principal payments	(21,255,000)
New debt issuance costs	(517,504)
Interest paid	<u>(375,642)</u>
Net cash provided by capital and related financing activities	<u>18,661,650</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Unrealized gain on investments	78,811
Interest received	<u>4,078</u>
Net cash provided by investing activities	<u>82,889</u>
Net increase in cash and cash equivalents	23,671,307
CASH AND CASH EQUIVALENTS, October 1, 2011	<u>11,641,729</u>
CASH AND CASH EQUIVALENTS, September 30, 2012	<u>\$ 35,313,036</u>

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
(continued)  
September 30, 2012

RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 1,822,887
Adjustments to reconcile operating income to net cash used in operating activities:	
Provision for amortization	188,418
Provision for depreciation	1,924,345
Decrease (increase) in assets:	
Increase in accounts receivable	(99,228)
Decrease in prepaid expenses	3,444
Decrease in due from other funds	43,427
Increase in due from other sources	(5,402)
Increase (decrease) in liabilities:	
Increase in accounts payable	87,595
Decrease in accrued liabilities	(29,579)
Increase in due to developer	884,695
Increase in customer deposits	21,413
Increase in net OPEB liability	59,653
Increase in compensated absences	12,791
Total adjustments	<u>3,091,572</u>
Net cash provided by operating activities	<u>\$ 4,914,459</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 1 - ORGANIZATION AND OPERATIONS**

North Springs Improvement District (the "District") was established pursuant to Chapter 71-580, Laws of Florida, as amended, and Chapter 298, Florida Statutes, in 1971. Chapter 71-580 was replaced by Chapter 2005-341, Laws of Florida, which has been amended by Chapter 2007-285, Laws of Supplement No. 2, Supplement No. 3, a revised Supplement No. 3 and other lands, respectively. The District was created to undertake a variety of improvements, including the reclamation and drainage of land, to establish roads and highways, to provide access thereto and to provide water and sewage facilities to promote and create favorable conditions for the development of land within the District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The District's more significant accounting policies are described below.

Reporting entity:

The criteria used for including component units consist of the identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria, also includes the identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District has both governmental and business-type activities.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net assets resulting from the current year's activities.

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures (expenses). Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.

NORTH SPRINGS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District reports the following major governmental funds:

**General Fund** - The General Fund is established to account for all financial transactions not properly accounted for in another fund.

**2005 A1&B1 Debt Service Fund (207 Debt Service)** - The 2005 A1&B1 Debt Service Fund accounts for debt service requirements for the District's Outstanding Special Assessment Bond, Series 2005 A1&B1.

**2005 A1&B1 Supplement 3 Capital Project Fund (307 Capital Projects)** - The 2005 A1&B1 Supplement 3 Capital Project Fund accounts for construction of infrastructure improvements within the boundaries of the Supplement 3 land.

The District reports the following major proprietary fund:

**Water and Sewer Fund** - The Water and Sewer Fund is an enterprise fund established to account for operations that are to be financed and operated in a manner similar to private business enterprises. The costs of providing services to customers are to be recovered primarily through user charges.

Measurement focus, basis of accounting, and presentation:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available for use. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues available if they are collected within sixty days after year end. Expenditures are generally recognized when the liability is incurred, except that interest payable on debt is recognized only when due.

The Proprietary Fund uses the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The District has elected not to follow subsequent private sector guidance.

NORTH SPRINGS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and budgetary accounting:

The District's annual budgets are adopted for the General Fund and Water and Sewer Fund and approved by the Board of Supervisors. The budget amounts presented in the accompanying basic financial statements are as originally adopted by the District's Board of Supervisors. Any amendments to the budget are reflected in the amended budget.

The General Fund budget is prepared on a basis consistent with generally accepted accounting principles (GAAP). The budget is a financial plan approved in the manner authorized by law, but not subject to appropriation.

Encumbrances:

The District does not utilize encumbrance accounting.

Cash equivalents:

For purposes of the statement of cash flows, the Water and Sewer Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Prepaid expenses/expenditures:

Certain payments reflect costs applicable to a future accounting period and are recorded as prepaid items in both the government-wide and fund financial statements.

Accounts receivable:

Accounts receivable reflected in the Water and Sewer Fund consist of charges to customers for service including sewer revenues on services which have been rendered whether billed or not. No allowance for doubtful accounts is considered necessary.

Due to/from other funds:

Short-term inter-fund advances, when applicable, are recorded by the advancing fund as a receivable with a corresponding payable recorded by the receiving fund. Repayments reduce the corresponding receivable and payable. Inter-fund balances are eliminated in the government-wide financial statements.

Capital assets:

Capital assets, which include land, buildings, infrastructure, machinery and equipment and construction-in-progress, are reported in the governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District defines capital assets as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 5 to 50 years.

NORTH SPRINGS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend its life are not capitalized.

Bond issuance costs:

Bond issuance costs are amortized over the lives of the bond issues using the straight-line method which approximates the interest method.

Equity classifications:

*Government-wide statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund statements*

The District follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has a nonspendable fund balance of \$ 28,280 as of September 30, 2012.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. The District has a restricted fund balance of \$ 9,806,538 as of September 30, 2012.

NORTH SPRINGS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance as of September 30, 2012.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has an assigned fund balance of \$ 50,000 as of September 30, 2012.

Unassigned: This classification includes the residual fund balance for the General Fund. The District has an unassigned fund balance of \$ 1,146,036 as of September 30, 2012.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Property tax calendar (assessments):

District assessments are certified with the Broward County Property Appraiser and collected by the Broward County Tax Collector. The key dates in the property tax cycle are as follows:

Current Fiscal Year:

Beginning of fiscal year for which Assessments have been levied	October 1
Property tax bills rendered	November 1
Property tax bill due date	March 31
Delinquent tax lien	April 30
Tax certificates sold	June 1

Use of estimates:

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

Date of management review:

Subsequent events were evaluated by management through May 29, 2013, which is the date the financial statements were available for issuance.

NORTH SPRINGS IMPROVEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

The District's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. As of September 30, 2012, all non-interest bearing deposits are fully insured by the FDIC and interest bearing deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits was \$ 6,360,025 and the bank balance was \$ 7,196,120. In addition, the District had \$ 5,300 in petty cash.

Investments:

The investment of funds is authorized by Florida Statutes, which allows the District to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury. Certain investments of the enterprise fund are governed by Bond Indentures.

Investments as of September 30, 2012 were as follows:

<u>Investment</u>	<u>Reported Amount - Fair Value or Amortized Cost</u>	<u>Maturity</u>
Money Market Mutual Funds	\$ 39,619,476	
State Board of Administration:		
Fund B	327,012	Weighted average life is 4.08 years
Prime Fund	<u>264,449</u>	Weighted average life is 39 days
 Total	 \$ <u><u>40,210,937</u></u>	

These deposits and investments are reflected in the accompanying statement of net assets as cash and cash equivalents of \$ 46,576,262.

Credit risk:

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated "AAAm" by Standard and Poor's and "Aaa" by Moody's Investors Service. The State Investment Pool is unrated.

Interest rate risk:

Florida Statutes state that the investment portfolio be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. The District's investments are not subject to interest rate risk.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

Custodial credit risk:

For an investment, custodial credit risk 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 the possession of an outside party. None of the District's investments are subject to custodial credit risk.

Restricted cash and investments:

The governmental funds maintain investments restricted for the following purposes:

Bond proceeds for capital outlay	\$	3,324,956
Future debt service		<u>6,507,969</u>
 Total restricted cash and cash equivalents	 \$	 <u><u>9,832,925</u></u>

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$	21,147,331
Future debt service		6,299,032
Renewal and replacement of capital assets		<u>1,175,334</u>
 Total restricted cash and cash equivalents	 \$	 <u><u>28,621,697</u></u>

**NOTE 4 - CAPITAL ASSETS**

The following is a schedule of changes in capital assets during the year ended September 30, 2012:

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance September 30, 2012</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,121,112	\$ 122,614	\$ -	\$ 12,243,726
Construction in progress	<u>2,651,112</u>	<u>49,000</u>	<u>(2,651,112)</u>	<u>49,000</u>
 Total capital assets, not depreciated	 <u>14,772,224</u>	 <u>171,614</u>	 <u>(2,651,112)</u>	 <u>12,292,726</u>
Capital assets, being depreciated:				
Infrastructure	133,005,872	2,578,635	2,651,112	138,235,619
Buildings and improvements	3,270,884	348,058	-	3,618,942
Machinery and equipment	<u>592,628</u>	<u>97,382</u>	<u>-</u>	<u>690,010</u>
 Total capital assets, being depreciated	 <u>136,869,384</u>	 <u>3,024,075</u>	 <u>2,651,112</u>	 <u>142,544,571</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 4 - CAPITAL ASSETS (continued)**

	Balance October 1, 2011	Additions	Transfers	Balance September 30, 2012
Less accumulated depreciation for:				
Infrastructure	39,052,305	3,237,546	-	42,289,851
Buildings and improvements	1,178,919	109,029	-	1,287,948
Machinery and equipment	296,924	60,207	-	357,131
Total accumulated depreciation	<u>40,528,148</u>	<u>3,406,782</u>	<u>-</u>	<u>43,934,930</u>
Total capital assets depreciated, net	<u>96,341,236</u>	<u>(382,707)</u>	<u>2,651,112</u>	<u>98,609,641</u>
Governmental activities capital assets, net	<u>\$ 111,113,460</u>	<u>\$ (211,093)</u>	<u>\$ -</u>	<u>\$ 110,902,367</u>

Provision for depreciation was charged to the following functions:

Governmental activities \$ 3,406,782

The following is a summary of changes in the Water and Sewer Fund fixed assets for the year ended September 30, 2012:

	Balance October 1, 2011	Additions	Transfers	Balance September 30, 2012
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,770,294	\$ -	\$ -	\$ 2,770,294
Easements	82,785	-	-	82,785
Construction in progress	3,918,312	9,551,625	(843,019)	12,626,918
Total capital assets, not depreciated	<u>6,771,391</u>	<u>9,551,625</u>	<u>(843,019)</u>	<u>15,479,997</u>
Capital assets, being depreciated:				
Building improvements	9,751	341,796	-	351,547
Infrastructure	70,892,840	189,864	843,019	71,925,723
Equipment	1,339,060	301,251	-	1,640,311
Meters in the Field	521,461	-	-	521,461
Total capital assets, being depreciated	<u>72,763,112</u>	<u>832,911</u>	<u>843,019</u>	<u>74,439,042</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 4 - CAPITAL ASSETS (continued)**

	Balance October 1, 2011	Additions	Transfers	Balance September 30, 2012
Less accumulated depreciation for:				
Building improvements	3,815	488	-	4,303
Infrastructure	24,199,102	1,799,218	-	25,998,320
Equipment	676,438	103,992	-	780,430
Meters in the Field	435,723	20,647	-	456,370
	<u>25,315,078</u>	<u>1,924,345</u>	<u>-</u>	<u>27,239,423</u>
Total accumulated depreciation				
Total capital assets depreciated, net	<u>47,448,034</u>	<u>(1,091,434)</u>	<u>843,019</u>	<u>47,199,619</u>
Business-type activities capital assets	<u>\$ 54,219,425</u>	<u>\$ 8,460,191</u>	<u>\$ -</u>	<u>\$ 62,679,616</u>

Depreciation expense is charged to the following functions:

Business-type activities	\$ <u>1,924,345</u>
--------------------------	---------------------

The District has awarded various construction contracts in the proprietary fund. As of September 30, 2012, commitments on uncompleted construction contracts totaled \$ 15,555,325.

**NOTE 5 - LONG-TERM DEBT**

The following is a summary of the long-term debt activity of the governmental activities for the year ended September 30, 2012:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012	Due Within One Year
Water management bonds	\$ 16,470,000	\$ -	\$ 640,000	\$ 15,830,000	\$ 675,000
Special assessment bonds	34,955,000	-	2,000,000	32,955,000	1,860,000
Deferred loss on early retirement of series 1998 bond	(236,063)	-	18,159	(217,904)	-
Bond discount and refunding Series 2005	(155,218)	-	27,922	(127,296)	-
	<u>\$ 51,033,719</u>	<u>\$ -</u>	<u>\$ 2,686,081</u>	<u>\$ 48,439,800</u>	<u>\$ 2,535,000</u>

Water Management Bonds payable at September 30, 2012 are comprised of the following:

\$ 2,925,000 Series 2005A Water Management Bonds, principal is due annually through May 2024. Interest at 5.375% is due in May and November each year. Current portion is \$ 130,000. The bonds are secured primarily from special assessments levied by the District. \$ 2,175,000

\$ 6,365,000 Series 2005B Water Management Bonds, principal is due annually through May 2035. Interest at 5.5% is due in May and November each year. Current portion is \$ 55,000. The bonds are secured primarily from special assessments levied by the District. 6,100,000

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

NOTE 5 - LONG-TERM DEBT (continued)

\$ 8,465,000 Series 2010 Water Management Bonds, principal is due annually through May 2024. Interest at 4.39% is due in May and November. Current portion is \$ 490,000. The bonds are secured primarily from special assessments levied by the District.

7,555,000

\$ 15,830,000

The annual requirements to amortize the principal and interest of the Water Management Bonds for the next five years and thereafter are as follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 675,000	\$ 788,677	\$ 1,463,677
2014	705,000	756,855	1,461,855
2015	740,000	723,606	1,463,606
2016	775,000	689,432	1,464,432
2017	810,000	652,090	1,462,090
2018-2022	4,685,000	2,647,033	7,332,033
2023-2027	3,335,000	1,536,841	4,871,841
2028-2032	2,355,000	884,128	3,239,128
2033-2034	<u>1,750,000</u>	<u>162,250</u>	<u>1,912,250</u>
Total	\$ <u>15,830,000</u>	\$ <u>8,840,912</u>	\$ <u>24,670,912</u>

Special Assessment Bonds payable at September 30, 2012 are comprised of the following:

\$ 7,495,000 Series 1997 Special Assessment Bonds, principal is due annually through May 2019. Interest at 7% is due in May and November each year. Current portion is \$ 465,000. The bonds are secured primarily from special assessments levied by the District.

\$ 4,075,000

\$ 20,955,000 Series 2005A-1 Special Assessment Bonds, principal is due annually through May 2026. Interest at 5.45% is due in May and November. Current portion is \$ 810,000. The bonds are secured primarily from special assessments levied by the District.

16,565,000

\$ 4,730,000 Series 2005A-2 Special Assessment Bonds, principal is due annually through May 2026. Interest at 5.5% is due in May and November. Current portion is \$ 180,000. The bonds are secured primarily from special assessments levied by the District.

3,600,000

\$ 6,930,000 Series 2006A Special Assessment Bonds, principal is due in annually through May 2027. Interest at 5.2% is due in May and November. Current portion is \$ 260,000. The bonds are secured primarily from special assessments levied by the District.

5,760,000

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 5 - LONG-TERM DEBT (continued)**

\$ 2,165,000 Series 2006B Special Assessment Bonds, principal is due in a balloon payment in May 2014. Interest at 5% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District. 1,790,000

\$ 1,575,000 Series 2009 Special Assessment Refunding Bonds, principal is due in a balloon payment in May 2019. Interest at 4.5% is due in May and November. Current portion is \$ 145,000. The bonds are secured primarily from special assessments levied by the District. 1,165,000

\$ 32,955,000

The annual requirements to amortize the principal and interest of the Special Assessment Bonds outstanding for the next five years and thereafter are as follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 1,860,000	\$ 1,828,215	\$ 3,688,215
2014	3,755,000	1,721,485	5,476,485
2015	2,090,000	1,519,070	3,609,070
2016	2,205,000	1,398,931	3,603,931
2017	2,345,000	1,271,882	3,616,882
2018-2022	10,870,000	4,496,308	15,366,308
2023-2027	<u>9,830,000</u>	<u>1,428,694</u>	<u>11,258,694</u>
Total	<u>\$ 32,955,000</u>	<u>\$ 13,664,585</u>	<u>\$ 46,619,585</u>

Summary of significant bond covenants:

The following is a schedule of required reserve deposits as of September 30, 2012:

	Reserve Requirement	Reserve Balance
Series 1997 Special Assessment Bond	\$ 738,800	\$ 739,150
Series 2005A/B Water Management Bond	317,844	317,844
Series 2005A-1 Special Assessment Bond	1,361,643	1,425,463
Series 2005A-2 Special Assessment Bond	298,085	312,750
Series 2006A Special Assessment Bond	465,244	485,144
Series 2006B Special Assessment Bond	39,683	44,750
Series 2009 Special Assessment Bond	19,843	19,845
Series 2010 Water Management Bond	81,528	81,528

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 5- LONG-TERM DEBT (continued)**

The following is a summary of the long-term debt activity of the business-type activities for the year ended September 30, 2012:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012	Due Within One Year
Water and sewer revenue and refunding bonds	\$ 21,255,000	\$ 50,065,000	\$ 21,255,000	\$ 50,065,000	\$ 1,585,000
Deferred loss on early retirement of Series 1994 and 1998 bonds	<u>(752,907)</u>	-	<u>150,581</u>	<u>(602,326)</u>	-
Total bonds payable	<u>\$ 20,502,093</u>	<u>\$ 50,065,000</u>	<u>\$ 21,405,581</u>	<u>\$ 49,462,674</u>	<u>\$ 1,585,000</u>

Water and Sewer Revenue Bonds payable at September 30, 2012 are comprised of the following:

\$ 50,065,000 Series 2011 Water and Sewer Refunding Revenue Bonds, due in annual principal installments beginning in October 2012 through October 2031. Interest at 3.23% is due in April and October. Current portion is \$ 1,585,000. The bonds are secured by a pledge of net revenues under the indenture, which are defined as all income and monies received by the District from the rates, fees, rentals, charges and other income collected by the District for the use of the products, services and facilities to be provided by the system.

\$ 50,065,000  
\$ 50,065,000

The annual requirements to amortize the principal and interest of Enterprise Fund Bonds payable as of September 30, 2012 are as follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 1,585,000	\$ 1,613,677	\$ 3,198,677
2014	1,275,000	1,566,832	2,841,832
2015	1,300,000	1,524,670	2,824,670
2016	1,525,000	1,482,405	3,007,405
2017	2,160,000	1,418,112	3,578,112
2018-2022	11,905,000	5,966,814	17,871,814
2023-2027	13,955,000	3,853,369	17,808,369
2028-2032	<u>16,360,000</u>	<u>1,375,076</u>	<u>17,735,076</u>
Total	<u>\$ 50,065,000</u>	<u>\$ 18,800,955</u>	<u>\$ 68,865,955</u>

At September 30, 2012, the above Series 2011 Water and Sewer Refunding Revenue Bonds has a reserve balance requirement of \$ 1,799,353 which was met.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund receivables and payables at September 30, 2012 were as follows:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ 475	\$ 82,018
207 Debt Service	3,061	-
Other Governmental Funds	695	398
Totals	4,231	82,416
Enterprise funds:		
Water and Sewer Fund	78,185	-
Totals	\$ 78,185	\$ -

Amounts due from the General Fund mostly represent payroll reimbursement to the Water and Sewer Fund. Amounts due to the 207 Debt Service fund represent monies owed from General Fund for debt service. All balances are expected to be paid within 60 days after year end.

Interfund transfers during the year were as follows:

	Transfer In	Transfer Out
Governmental funds:		
General Fund	\$ 48,894	\$ -
207 Debt Service Fund	-	34,184
Other Governmental Funds	128,991	143,701
Totals	\$ 177,885	\$ 177,885

Amounts transferred between funds during the year were mostly for the purpose of prepayments received and to service debt.

**NOTE 7 - COMPENSATED ABSENCES PAYABLE**

Employees of the District accumulate unused sick time and vacation time up to a specified number of hours depending on the employee's length of employment. Accumulated vacation time can be redeemed in cash at retirement. Accumulated sick time is not generally payable in cash except for the sick time of employees that were grandfathered in when the District changed its policy regarding payment for accumulated sick time. The accumulated liability for the unused compensated absences at September 30, 2012 consisted of the following:

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 7 - COMPENSATED ABSENCES PAYABLE (continued)**

The following is a schedule of the changes in compensated absences of the General Fund:

	Balance October 1, 2011	Increase (Decrease)	Balance September 30, 2012	Due Within One Year
Compensated absences	\$ 63,246	\$ 6,409	\$ 69,655	\$ 10,630
Total	<u>\$ 63,246</u>	<u>\$ 6,409</u>	<u>\$ 69,655</u>	<u>\$ 10,630</u>

The following is a schedule of the changes in compensated absences of the Proprietary Fund:

	Balance October 1, 2011	Increase (Decrease)	Balance September 30, 2012	Due Within One Year
Compensated absences	\$ 78,831	\$ 12,791	\$ 91,622	\$ 8,977
Total	<u>\$ 78,831</u>	<u>\$ 12,791</u>	<u>\$ 91,622</u>	<u>\$ 8,977</u>

**NOTE 8 - RETIREMENT PLAN**

The District participates in a multi-employer defined contribution pension plan sponsored by Coral Springs Improvement District, covering all employees who meet certain age and length-of-service requirements. The District's required contribution is 6% of the total salaries of qualified participants. Total salaries of the qualified participants for the year ending September 30, 2012 were \$ 2,142,185. Each participant's non-forfeitable percentage of the employer's contribution account increases (vests) 20% for each year of service for five years, at the end of which time the employee would be fully vested. Employer contributions for the period, less forfeitures from terminated employees, were \$ 128,531.

**NOTE 9 - POST-EMPLOYMENT BENEFITS**

*Funding Policy*

The District provides no post-retirement benefits to retired employees but is required by state law to provide the availability for retirees to enroll in the health plan offered to its employees on a cost reimbursement basis.

The District does not directly make a contribution to provide retired employees with health care benefits. Retirees and their beneficiaries pay the same group rates as are charged to the District for active employees by its healthcare provider. However, the District's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the District or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

NORTH SPRINGS IMPROVEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2012

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)

The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45 *Accounting and Financial Reporting by Employers Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The annual OPEB cost for the District for the current year and the related information is as follows:

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	\$ -
Annual required contribution	94,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	(11,000)
Annual OPEB cost	<u>88,000</u>
Contributions made (credit for implied subsidy)	<u>(7,000)</u>
Increase in net OPEB obligation	81,000
Net OPEB obligation - beginning of year	123,000
Net OPEB obligation - end of year	<u><u>\$ 204,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended September 30, 2012 was:

Annual OPEB cost	\$ 88,000
Percentage of OPEB cost contributed	<u>7%</u>
Net OPEB obligation	<u><u>\$ 81,000</u></u>

*Funded Status and Funding Progress*

The funded status of the plan as of October 1, 2012 was as follows:

Actuarial accrued liability	\$ 460,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 460,000</u>
Funded ratio	
Covered payroll	<u><u>\$ 2,147,000</u></u>
UAAL as a percentage of covered payroll	21.4%

NORTH SPRINGS IMPROVEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2012

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the District has not contributed assets to the plan at this time.

*Actuarial Methods and Assumptions*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2012
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level dollar payment
Actuarial assumptions:	
Investment rate of return	4.00% per annum*
Healthcare cost trend rates:	
Select rate	9.00% for 2012/2013 graded to 5.50% for 2019/2020
Ultimate rate	5.00% per annum

\*Includes inflation at 2.75% per annum

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Claims, expenditures and liabilities would have been reported if it were probable that a loss in excess of policy limits had occurred and the amount of that loss could be reasonably estimated.

NOTE 11 - SUBSEQUENT EVENT

In December 2012, the District issued Taxable Special Assessment Refunding Bonds, Series 2012, for \$ 3,175,000 with a rate of 2.32%. The bond is being issued to (1) finance the cost of the acquisition, construction and equipping of the Series 2012 Heron Bay Project; (2) refunding and redeeming the outstanding Special Assessment Bonds, Series 1997; (3) pay costs of issuance of the bond.



**REQUIRED SUPPLEMENTARY  
INFORMATION**



NORTH SPRINGS IMPROVEMENT DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
September 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)**	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010 *	\$ -	\$ 305,000	\$ 305,000	0%	\$ 1,791,000	17.0%
10/1/2012	-	460,000	460,000	0%	2,147,000	21.4%

\* Year of GASB Statement No. 45 implementation.

\*\* Covered payroll is for the calendar year period used for the actuarial valuation.



# OTHER FINANCIAL INFORMATION



# NORTH SPRINGS IMPROVEMENT DISTRICT

## Nonmajor Governmental Funds Overview

**1997 Heron Bay Commons Debt Service Fund (204 Debt Service)** – The 1997 Heron Bay Commons Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 1997.

**2005 A/B Debt Service Fund (206 Debt Service)** – The 2005 A/B Debt Service Fund accounted for debt service requirements for the District's outstanding Water Management Bonds, Series 2005A/B.

**2005A1/B1 Debt Service Fund (208 Debt Service)** – The 2005A1/B1 Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2005A1/B1.

**2006A/B Heron Bay North Debt Service Fund (209 Debt Service)** – The 2006 A/B Heron Bay North Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2006 A/B.

**2009 Special Assessment Refunding Bonds Parkland Isles Debt Service Fund (210 Debt Service)** – The 2009 Parkland Isles Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2009.

**2010 Debt Service Fund (211 Debt Service)** – The 2010 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bond, Series 2010.

**2005A/B Capital Project Fund (306 Capital Projects)** – The 2005A/B Capital Project Fund accounts for the financing and refinancing the acquisition, construction and installation of the water management facilities and related improvements.

**2005A2/B2 Capital Project Fund (308 Capital Projects)** – The 2005A2/B2 Capital Project Fund accounts for the public stormwater improvements, water and sewer improvements and roads benefiting each of the assessment areas.

**2006A/B Capital Projects Fund (309 Capital Projects)** – The 2006A/B Capital Projects Fund accounts for the public stormwater improvements, water and sewer improvements and roads benefiting each of the assessment areas.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
September 30, 2012

	<u>204</u> Debt <u>Service</u>	<u>206</u> Debt <u>Service</u>	<u>208</u> Debt <u>Service</u>	<u>209</u> Debt <u>Service</u>	<u>210</u> Debt <u>Service</u>	<u>211</u> Debt <u>Service</u>
<b>ASSETS:</b>						
Due from other funds	\$ -	\$ -	\$ 695	\$ -	\$ -	\$ -
Restricted assets:						
Investments at fair value	<u>1,467,473</u>	<u>726,447</u>	<u>444,541</u>	<u>1,074,029</u>	<u>49,756</u>	<u>422,738</u>
Total assets	<u>\$ 1,467,473</u>	<u>\$ 726,447</u>	<u>\$ 445,236</u>	<u>\$ 1,074,029</u>	<u>\$ 49,756</u>	<u>\$ 422,738</u>
 <b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398</u>
Fund balances:						
Restricted for:						
Debt service	1,467,473	726,447	445,236	1,074,029	49,756	422,340
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,467,473</u>	<u>726,447</u>	<u>445,236</u>	<u>1,074,029</u>	<u>49,756</u>	<u>422,340</u>
Total liabilities and fund balances	<u>\$ 1,467,473</u>	<u>\$ 726,447</u>	<u>\$ 445,236</u>	<u>\$ 1,074,029</u>	<u>\$ 49,756</u>	<u>\$ 422,738</u>

306 Capital Projects	308 Capital Projects	309 Capital Projects	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 695
<u>68,198</u>	<u>-</u>	<u>231,703</u>	<u>4,484,885</u>
<u>\$ 68,198</u>	<u>\$ -</u>	<u>\$ 231,703</u>	<u>\$ 4,485,580</u>
\$ -	\$ -	\$ 1,361	\$ 1,361
<u>-</u>	<u>-</u>	<u>-</u>	<u>398</u>
<u>-</u>	<u>-</u>	<u>1,361</u>	<u>1,759</u>
-	-	-	4,185,281
<u>68,198</u>	<u>-</u>	<u>230,342</u>	<u>298,540</u>
<u>68,198</u>	<u>-</u>	<u>230,342</u>	<u>4,483,821</u>
<u>\$ 68,198</u>	<u>\$ -</u>	<u>\$ 231,703</u>	<u>\$ 4,485,580</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2012**

	204 Debt Service	206 Debt Service	208 Debt Service	209 Debt Service	210 Debt Service	211 Debt Service
	<u>          </u>					
<b>REVENUES:</b>						
Special assessments	\$ 773,561	\$ 622,959	\$ 394,531	\$ 884,349	\$ 199,444	\$ 833,226
Interest income	<u>140</u>	<u>69</u>	<u>49</u>	<u>84</u>	<u>9</u>	<u>52</u>
Total revenues	<u>773,701</u>	<u>623,028</u>	<u>394,580</u>	<u>884,433</u>	<u>199,453</u>	<u>833,278</u>
<b>EXPENDITURES:</b>						
Debt service:						
Principal	435,000	175,000	325,000	250,000	145,000	465,000
Interest	315,700	461,875	215,463	401,890	59,819	357,946
Other	4,234	4,232	8,326	3,694	4,771	4,771
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>754,934</u>	<u>641,107</u>	<u>548,789</u>	<u>655,584</u>	<u>209,590</u>	<u>827,717</u>
Excess of revenues over (under) expenditures	18,767	(18,079)	(154,209)	228,849	(10,137)	5,561
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	-	-	126,274	2,673	-	-
Operating transfers out	<u>(2,673)</u>	<u>-</u>	<u>(14,710)</u>	<u>(44)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,673)</u>	<u>-</u>	<u>111,564</u>	<u>2,629</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	16,094	(18,079)	(42,645)	231,478	(10,137)	5,561
<b>FUND BALANCES, October 1, 2011</b>	<u>1,451,379</u>	<u>744,526</u>	<u>487,881</u>	<u>842,551</u>	<u>59,893</u>	<u>416,779</u>
<b>FUND BALANCES, September 30, 2012</b>	<u>\$ 1,467,473</u>	<u>\$ 726,447</u>	<u>\$ 445,236</u>	<u>\$ 1,074,029</u>	<u>\$ 49,756</u>	<u>\$ 422,340</u>

306 Capital Projects	308 Capital Projects	309 Capital Projects	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 3,708,070
<u>5</u>	<u>-</u>	<u>30</u>	<u>438</u>
<u>5</u>	<u>-</u>	<u>30</u>	<u>3,708,508</u>
-	-	-	1,795,000
-	-	-	1,812,693
-	-	-	30,028
<u>-</u>	<u>-</u>	<u>677,622</u>	<u>677,622</u>
<u>-</u>	<u>-</u>	<u>677,622</u>	<u>4,315,343</u>
<u>5</u>	<u>-</u>	<u>(677,592)</u>	<u>(606,835)</u>
-	-	44	128,991
<u>-</u>	<u>(126,274)</u>	<u>-</u>	<u>(143,701)</u>
<u>-</u>	<u>(126,274)</u>	<u>44</u>	<u>(14,710)</u>
5	(126,274)	(677,548)	(621,545)
<u>68,193</u>	<u>126,274</u>	<u>907,890</u>	<u>5,105,366</u>
<u>\$ 68,198</u>	<u>\$ -</u>	<u>\$ 230,342</u>	<u>\$ 4,483,821</u>



**OTHER REPORTS OF  
INDEPENDENT AUDITORS**





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*

The Board of Supervisors  
North Springs Improvement District  
Coral Springs, Florida

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of North Springs Improvement District (the "District") as of and for the year ended September 30, 2012, which collectively comprises the District's basic financial statements and have issued our report thereon dated May 29, 2013. 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.

Internal Control over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Springs Improvement District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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*.

North Springs Improvement District

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
May 29, 2013



## INDEPENDENT AUDITORS' REPORT TO DISTRICT MANAGEMENT

The Board of Supervisors  
North Springs Improvement District  
Coral Springs, Florida

We have audited the financial statements of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2012, and have issued our report thereon dated May 29, 2013.

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. 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*. Disclosures in that report, which are dated May 29, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that North Springs Improvement District complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts and grant agreements or abuse that have occurred, or are likely to have occurred, effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

North Springs Improvement District

Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements.

North Springs Improvement District was established under the laws of the State of Florida in Chapter 70-617, as amended. The District does not have any component units.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Section 215.985(12), *Florida Statutes*, and Section 10.554(1)(i)9, the District provided monthly statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site. In connection with our audit, we determined that North Springs Improvement District complied with the Florida Statutes.

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 Representative, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
May 29, 2013

