

**NORTH SPRINGS  
IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS**

September 30, 2010

NORTH SPRINGS IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS  
September 30, 2010

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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, 2010, 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 an opinion on these basic 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, 2010, 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 June 22, 2011, 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.

## North Springs Improvement District

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 38 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements of North Springs Improvement District. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
June 22, 2011

**NORTH SPRINGS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010**

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, 2010:

- The District's total assets exceeded total liabilities by \$ 117,074,490 (net assets). Unrestricted net assets for governmental activities were \$ 62,822. Unrestricted business-type activities were \$ 8,362,038.
- Governmental activities revenues totaled \$ 7,832,943 while governmental activities expenses totaled \$ 8,676,175. Business-type revenues totaled \$ 11,336,296, including interest income and unrealized gains on investments totaling \$ 199,794. Business-type expenses totaled \$ 9,901,079.

**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, 2010

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, 2010**

**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, 2010 and 2009:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
CURRENT AND OTHER ASSETS	\$ 2,349,457	\$ 3,586,614	\$ 13,917,326	\$ 15,660,231	\$ 16,266,783	\$ 19,246,845
RESTRICTED ASSETS	17,068,405	22,393,698	6,317,468	5,923,416	23,385,873	28,317,114
CAPITAL ASSETS (NET)	<u>110,589,979</u>	<u>108,697,410</u>	<u>50,070,537</u>	<u>50,795,534</u>	<u>160,660,516</u>	<u>159,492,944</u>
Total assets	<u>130,007,841</u>	<u>134,677,722</u>	<u>70,305,331</u>	<u>72,379,181</u>	<u>200,313,172</u>	<u>207,056,903</u>
CURRENT LIABILITIES	3,743,597	5,772,783	6,027,974	10,200,503	9,771,571	15,973,286
NONCURRENT LIABILITIES	<u>53,014,665</u>	<u>55,228,099</u>	<u>20,452,446</u>	<u>19,499,225</u>	<u>73,467,111</u>	<u>74,727,324</u>
Total liabilities	<u>56,758,262</u>	<u>61,000,882</u>	<u>26,480,420</u>	<u>29,699,728</u>	<u>83,238,682</u>	<u>90,700,610</u>
NET ASSETS						
Invested in capital assets, net of related debt	71,290,036	66,537,774	34,294,169	35,168,237	105,584,205	101,706,011
Restricted	1,606,962	3,935,270	1,458,463	1,424,809	3,065,425	5,360,079
Unrestricted	<u>352,581</u>	<u>3,330,008</u>	<u>8,072,279</u>	<u>6,086,407</u>	<u>8,424,860</u>	<u>9,416,415</u>
Total net assets	\$ <u>73,249,579</u>	\$ <u>73,803,052</u>	\$ <u>43,824,911</u>	\$ <u>42,679,453</u>	\$ <u>117,074,490</u>	\$ <u>116,482,505</u>

**Governmental and Business-Type Activities**

Governmental activities decreased the District's net assets by \$ 843,232, while business-type activities increased the District's net assets by \$ 1,435,217, as reflected in the table below:

**North Springs Improvement District  
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
REVENUES:						
Charges for services	\$ -	\$ -	\$ 8,739,160	\$ 7,757,525	\$ 8,739,160	\$ 7,757,525
Operating grants and contributions	-	667,970	-	-	-	667,970
Taxes:						
Assessments	7,629,364	8,111,810	-	-	7,629,364	8,111,810
Other	468,606	7,317	2,107,583	1,166,133	2,576,189	1,173,450
Developer contributions	-	-	-	1,810,055	-	1,810,055
Total revenues	<u>8,097,970</u>	<u>8,787,097</u>	<u>10,846,743</u>	<u>10,733,713</u>	<u>18,944,713</u>	<u>19,520,810</u>
EXPENSES:						
General government	1,052,242	1,052,545	-	-	1,052,242	1,052,545
Physical environment	1,043,625	896,356	-	-	1,043,625	896,356
Water and sewer	-	-	6,702,899	6,001,518	6,702,899	6,001,518
Provisions for depreciation and amortization	3,371,735	2,994,267	1,995,578	1,894,358	5,367,313	4,888,625
Interest expense and other debt service costs	<u>3,208,573</u>	<u>3,408,377</u>	<u>1,202,602</u>	<u>1,589,448</u>	<u>4,411,175</u>	<u>4,997,825</u>
Total expenses	<u>8,676,175</u>	<u>8,351,545</u>	<u>9,901,079</u>	<u>9,485,324</u>	<u>18,577,254</u>	<u>17,836,869</u>
Change in net assets before other income (expense)	<u>(578,205)</u>	<u>435,552</u>	<u>945,664</u>	<u>1,248,389</u>	<u>367,459</u>	<u>1,683,941</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
OTHER INCOME (EXPENSE):						
Interest income	17,789	121,752	56,787	23,007	74,576	144,759
Unrealized gain on investments	6,943	-	143,007	-	149,950	-
Total other income (expense)	24,732	121,752	199,794	23,007	224,526	144,759
Change in net assets	(553,473)	557,304	1,145,458	1,271,396	591,985	1,828,700
NET ASSETS, beginning of the year, as restated (Note 11)	73,803,052	73,245,748	42,679,453	41,408,057	116,482,505	114,653,805
NET ASSETS, end of the year	\$ 73,249,579	\$ 73,803,052	\$ 43,824,911	\$ 42,679,453	\$ 117,074,490	\$ 116,482,505

**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 \$ 18,919,521.

**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, 2010 amounts to \$ 109,464,269 and \$ 50,070,537, 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 \$ 55,242,638 net of deferred losses on early retirements and discounts of \$ 437,362. The District's business activities had debt outstanding of \$ 20,631,512 net of deferred losses on early retirement of \$ 903,488.

Additional information on the District's debt can be found in Note 5 on pages 29 through 33 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 3, 2010, the General Fund budget was amended in order to reallocate certain expenditures in year ended September 30, 2010 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, 2010**

**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, 10300 N.W. 11th Manor, Coral Springs, Florida 33071.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF NET ASSETS**  
September 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,084,509	\$ 9,842,981	\$ 11,927,490
Investments	110,742	2,309,975	2,420,717
Assessment receivables	265,258	-	265,258
Prepaid expenses	109,119	93,890	203,009
Accounts receivables	-	1,136,396	1,136,396
Internal balances	(220,171)	220,171	-
Total current assets	2,349,457	13,603,413	15,952,870
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	17,068,405	6,313,607	23,382,012
Interest receivable - debt service	-	3,861	3,861
Bond issuance costs, net	1,125,710	313,913	1,439,623
Capital assets not being depreciated:			
Land and improvements	12,121,112	181,585	12,302,697
Construction in progress	604,709	1,150,656	1,755,365
Capital assets being depreciated:			
Buildings and improvements	2,967,664	9,751	2,977,415
Infrastructure	130,630,529	70,379,316	201,009,845
Equipment	242,181	1,730,201	1,972,382
Less accumulated depreciation	(37,101,926)	(23,380,972)	(60,482,898)
Total noncurrent assets	127,658,384	56,701,918	184,360,302
Total assets	130,007,841	70,305,331	200,313,172
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	30,567	357,769	388,336
Accrued liabilities	2,428	41,929	44,357
Due to developer	-	4,400,000	4,400,000
Contracts payable	103,087	194,314	297,401
Customer deposits	72,500	568,172	640,672
Accrued interest	1,241,794	178,233	1,420,027
Bonds payable	2,285,000	280,000	2,565,000
Compensated absences payable	8,221	7,557	15,778
Total current liabilities	3,743,597	6,027,974	9,771,571

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, 2010

	Governmental Activities	Business-Type Activities	Total
Noncurrent liabilities:			
Compensated absences payable	45,322	51,639	96,961
Net OPEB obligation	11,705	49,295	61,000
Bonds payable	52,957,638	20,351,512	73,309,150
Total noncurrent liabilities	53,014,665	20,452,446	73,467,111
Total liabilities	56,758,262	26,480,420	83,238,682
NET ASSETS:			
Invested in capital assets, net of related debt	71,290,036	34,294,169	105,584,205
Restricted for:			
Renewal and replacement	-	1,000,229	1,000,229
Debt service	1,606,962	458,234	2,065,196
Unrestricted	352,581	8,072,279	8,424,860
Total net assets	\$ 73,249,579	\$ 43,824,911	\$ 117,074,490

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, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Capital Grants and Donations	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS:</b>						
Governmental activities:						
General government	\$ 1,052,242	\$ -	\$ -	\$ (1,052,242)	\$ -	\$ (1,052,242)
Physical environment	1,043,625	-	-	(1,043,625)	-	(1,043,625)
Provision for depreciation and amortization	3,371,735	-	-	(3,371,735)	-	(3,371,735)
Interest expense and other debt service costs	3,208,573	-	-	(3,208,573)	-	(3,208,573)
<b>Total governmental activities</b>	<b>8,676,175</b>	<b>-</b>	<b>-</b>	<b>(8,676,175)</b>	<b>-</b>	<b>(8,676,175)</b>
Business-type activities:						
Personnel services	2,106,562	55,349	-	-	(2,051,213)	(2,051,213)
Materials, supplies and services	4,596,337	8,683,811	-	-	4,087,474	4,087,474
Provision for depreciation and amortization	1,995,578	-	-	-	(1,995,578)	(1,995,578)
Interest expense	1,202,602	-	-	-	(1,202,602)	(1,202,602)
<b>Total business-type activities</b>	<b>9,901,079</b>	<b>8,739,160</b>	<b>-</b>	<b>-</b>	<b>(1,161,919)</b>	<b>(1,161,919)</b>
<b>Total primary government</b>	<b>\$ 18,577,254</b>	<b>\$ 8,739,160</b>	<b>\$ -</b>	<b>(8,676,175)</b>	<b>(1,161,919)</b>	<b>(9,838,094)</b>
General revenues:						
Property taxes				7,629,364	-	7,629,364
Investment earnings				17,789	56,787	74,576
Miscellaneous				13,352	49,795	63,147
Unrealized gain on investments				6,943	143,007	149,950
Forgiveness of debt				455,254	2,057,788	2,513,042
<b>Total general revenues</b>				<b>8,122,702</b>	<b>2,307,377</b>	<b>10,430,079</b>
<b>Change in net assets</b>				<b>(553,473)</b>	<b>1,145,458</b>	<b>591,985</b>
Net assets, October 1, 2009, as restated (Note 11)				73,803,052	42,679,453	116,482,505
Net assets, September 30, 2010				\$ 73,249,579	\$ 43,824,911	\$ 117,074,490

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

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
September 30, 2010

	General	205 Debt Service	207 Debt Service	211 Debt Service	307 Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 2,084,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084,509
Investments	110,742	-	-	-	-	-	110,742
Prepaid expenditures	109,119	-	-	-	-	-	109,119
Due from other funds	115,619	101,381	5,840	46,654	-	96,136	365,630
Assessments receivable	264,778	-	-	-	480	-	265,258
Restricted assets:							
Investments at fair value	-	-	2,502,693	302,742	7,109,993	7,152,977	17,068,405
<b>Total assets</b>	<b>\$ 2,684,767</b>	<b>\$ 101,381</b>	<b>\$ 2,508,533</b>	<b>\$ 349,396</b>	<b>\$ 7,110,473</b>	<b>\$ 7,249,113</b>	<b>\$ 20,003,663</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
Accounts payable	\$ 23,817	\$ -	\$ 3,000	\$ -	\$ -	\$ 3,750	\$ 30,567
Accrued liabilities	2,428	-	-	-	-	-	2,428
Customer deposits	72,500	-	-	-	-	-	72,500
Due to other funds	413,954	46,654	-	-	7,300	117,893	585,801
Contracts payable	-	-	-	-	38,257	64,830	103,087
<b>Total liabilities</b>	<b>512,699</b>	<b>46,654</b>	<b>3,000</b>	<b>-</b>	<b>45,557</b>	<b>186,473</b>	<b>794,383</b>
<b>Fund balances:</b>							
Reserved for debt service	-	54,727	2,505,533	349,396	-	3,622,162	6,531,818
Reserved for capital projects	-	-	-	-	7,064,916	3,440,478	10,505,394
Reserved for prepaid expenditures	109,119	-	-	-	-	-	109,119
Unreserved and undesignated	2,062,949	-	-	-	-	-	2,062,949
<b>Total fund balances</b>	<b>2,172,068</b>	<b>54,727</b>	<b>2,505,533</b>	<b>349,396</b>	<b>7,064,916</b>	<b>7,062,640</b>	<b>19,209,280</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,684,767</b>	<b>\$ 101,381</b>	<b>\$ 2,508,533</b>	<b>\$ 349,396</b>	<b>\$ 7,110,473</b>	<b>\$ 7,249,113</b>	<b>\$ 20,003,663</b>

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, 2010

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 \$ 19,209,280

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	\$ 12,121,112	
Construction in progress	604,709	12,725,821

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

Infrastructure	130,630,529	
Buildings and improvements	2,967,664	
Equipment	242,181	
Accumulated depreciation	(37,101,926)	96,738,448

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

Bond issuance costs	2,016,777	
Accumulated amortization	(891,067)	1,125,710

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	(55,680,000)	
Net deferred amounts on refunding	437,362	
Accrued interest payable on long term debt	(1,241,794)	
OPEB obligation	(11,705)	
Compensated absences	(53,543)	(56,549,680)

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 10 \$ 73,249,579

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, 2010

	General	205 Debt Service	207 Debt Service	211 Debt Service	307 Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Special assessments	\$ 2,213,222	\$ 826,336	\$ 1,878,388	\$ -	\$ -	\$ 2,711,418	\$ 7,629,364
Permit fees	1,800	-	-	-	-	-	1,800
Interest income	17,287	-	-	502	-	-	17,789
Contract personnel fees	9,500	-	-	-	-	-	9,500
Unrealized gain on investments	6,943	-	-	-	-	-	6,943
Miscellaneous revenues	2,052	-	-	-	-	-	2,052
<b>Total revenues</b>	<b>2,250,804</b>	<b>826,336</b>	<b>1,878,388</b>	<b>502</b>	<b>-</b>	<b>2,711,418</b>	<b>7,667,448</b>
<b>EXPENDITURES:</b>							
Current:							
General government:							
Personal services	142,648	-	-	-	-	-	142,648
Operating	900,199	-	-	-	-	-	900,199
Physical environment:							
Personal services	346,796	-	-	-	-	-	346,796
Operating	663,497	-	-	-	-	-	663,497
Capital outlay	81,639	-	-	-	3,174,442	746,281	4,002,362
Debt service:							
Principal	-	9,625,000	855,000	-	-	1,255,000	11,735,000
Interest	-	519,645	1,111,596	-	-	1,610,962	3,242,203
Other	-	13,093	31,608	147,150	-	66,678	258,529
<b>Total expenditures</b>	<b>2,134,779</b>	<b>10,157,738</b>	<b>1,998,204</b>	<b>147,150</b>	<b>3,174,442</b>	<b>3,678,921</b>	<b>21,291,234</b>
<b>Net change in fund balances</b>	<b>116,025</b>	<b>(9,331,402)</b>	<b>(119,816)</b>	<b>(146,648)</b>	<b>(3,174,442)</b>	<b>(967,503)</b>	<b>(13,623,786)</b>
Other financing sources (uses):							
Operating transfers in	50,391	9,225,420	-	1,256,464	-	844	10,533,119
Operating transfers out	(844)	(1,196,031)	-	(9,225,420)	-	(110,824)	(10,533,119)
Forgiveness of debt	45,737	-	-	-	-	409,517	455,254
Proceeds from long-term debt	-	-	-	8,465,000	-	-	8,465,000
<b>Total other financing sources (uses)</b>	<b>95,284</b>	<b>8,029,389</b>	<b>-</b>	<b>496,044</b>	<b>-</b>	<b>299,537</b>	<b>8,920,254</b>
<b>Net change in fund balances</b>	<b>211,309</b>	<b>(1,302,013)</b>	<b>(119,816)</b>	<b>349,396</b>	<b>(3,174,442)</b>	<b>(667,966)</b>	<b>(4,703,532)</b>
<b>FUND BALANCES, October 1, 2009, as restated, (Note 11)</b>	<b>1,960,759</b>	<b>1,356,740</b>	<b>2,625,349</b>	<b>-</b>	<b>10,239,358</b>	<b>7,730,606</b>	<b>23,912,812</b>
<b>FUND BALANCES, September 30, 2010</b>	<b>\$ 2,172,068</b>	<b>\$ 54,727</b>	<b>\$ 2,505,533</b>	<b>\$ 349,396</b>	<b>\$ 7,064,916</b>	<b>\$ 7,062,640</b>	<b>\$ 19,209,280</b>

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, 2010**

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

Net change in fund balance - total governmental fund, page 13 \$ (4,703,532)

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	\$ 3,985,723	
Current year depreciation	<u>(3,218,864)</u>	766,859

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.

Bond issuance costs	147,150	
Bond proceeds	(8,465,000)	
Principal payments	11,735,000	
Amortization of bond issuance costs and discounts	<u>(152,871)</u>	3,264,279

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

Net effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual).	145,008	
Net OPEB obligation	(11,705)	
Compensated absences	<u>(14,382)</u>	<u>118,921</u>

**CHANGE IN NET ASSETS OF GOVERNMENTAL  
ACTIVITIES, PAGE 10 \$ (553,473)**

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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Special assessments	\$ 2,202,519	\$ 2,202,519	\$ 2,213,222	\$ 10,703
Investment earnings	14,989	18,123	17,287	(836)
Contract personnel fees	-	9,500	9,500	-
Permit fees	6,600	1,800	1,800	-
Other revenues	-	1,697	2,052	355
Unrealized gain on investments	-	4,438	6,943	2,505
	<u>2,224,108</u>	<u>2,238,077</u>	<u>2,250,804</u>	<u>12,727</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Personal	40,747	152,114	142,648	9,466
Operating	975,893	929,439	900,199	29,240
Physical environment:				
Personal	317,420	317,420	346,796	(29,376)
Operating	826,960	850,980	663,497	187,483
Capital outlay	87,740	87,740	81,639	6,101
	<u>2,248,760</u>	<u>2,337,693</u>	<u>2,134,779</u>	<u>202,914</u>
Net change in fund balances	(24,652)	(99,616)	116,025	215,641
<b>OTHER FINANCING SOURCES (USES):</b>				
Forgiveness of debt	-	-	45,737	45,737
Operating transfers in	-	31,233	50,391	19,158
Operating transfers out	-	-	(844)	(844)
	<u>-</u>	<u>31,233</u>	<u>95,284</u>	<u>64,051</u>
Net change in fund balances	(24,652)	(68,383)	211,309	279,692
<b>FUND BALANCES,</b>				
October 1, 2009, as restated, (Note 11)	<u>24,652</u>	<u>68,383</u>	<u>1,960,759</u>	<u>1,892,376</u>
<b>FUND BALANCES,</b> September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,172,068</u>	<u>\$ 2,172,068</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, 2010

ASSETS:

Current assets:

Cash and cash equivalents	\$	9,842,981
Investments		2,309,975
Accounts receivable		1,136,396
Prepaid expenses		93,890
Due from other funds		220,171

Total current assets		13,603,413
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Noncurrent assets:

Restricted assets:

Cash and cash equivalents		6,313,607
Accrued interest receivable		3,861
Bond issuance costs, net		313,913

Capital assets:

Depreciable (net)		48,738,296
Nondepreciable		1,332,241

Total noncurrent assets		56,701,918
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Total assets	\$	70,305,331
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LIABILITIES:

Current liabilities:

Accounts payable	\$	357,769
Accrued liabilities		41,929
Contracts payable		194,314
Due to developer		4,400,000
Customer deposits payable from restricted assets		568,172
Accrued interest		178,233
Compensated absences payable		7,557
Bonds payable		280,000

Total current liabilities		6,027,974
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Noncurrent liabilities:

Compensated absences payable		51,639
Net OPEB obligation		49,295
Bonds payable		20,351,512

Total noncurrent liabilities		20,452,446
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Total liabilities		26,480,420
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The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF NET ASSETS  
ENTERPRISE FUND  
(continued)  
For the Year Ended September 30, 2010

NET ASSETS:

Invested in capital assets, net of related debt	34,294,169
Restricted for renewal and replacement	1,000,229
Restricted for debt service	458,234
Unrestricted	<u>8,072,279</u>
 Total net assets	 \$ <u><u>43,824,911</u></u>

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, 2010

OPERATING REVENUES:

Charges for services:	
Water and sewer	\$ 4,856,559
Sewer	2,938,643
Connection fees	474,271
Meter fees	99,075
Contract personnel fees	55,349
Miscellaneous fees	<u>315,263</u>
Total operating revenues	<u>8,739,160</u>

OPERATING EXPENSES:

Personal services	2,106,562
Materials, supplies and services	4,596,337
Provisions for depreciation and amortization	<u>1,995,578</u>
Total operating expenses	<u>8,698,477</u>
Operating income	<u>40,683</u>

NONOPERATING REVENUES (EXPENSES):

Unrealized gain on investments	143,007
Interest expense	(1,202,602)
Interest earnings	56,787
Miscellaneous revenues	49,795
Forgiveness of debt	<u>2,057,788</u>
Total nonoperating revenue (expenses)	<u>1,104,775</u>
Change in net assets	<u>1,145,458</u>

NET ASSETS, October 1, 2009	<u>42,679,453</u>
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NET ASSETS, September 30, 2010	<u>\$ 43,824,911</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, 2010

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 8,491,250
Payments to suppliers for goods and services	(3,446,657)
Payments to employees for services	<u>(2,155,087)</u>
Net cash provided by operating activities	<u>2,889,506</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash received from grants and other miscellaneous activities	<u>49,795</u>
Net cash provided by noncapital financing activities	<u>49,795</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of capital assets	(1,191,233)
Bond issuance costs paid	(320,488)
Monies received for bond issuance	21,535,000
Bond principal payments	(21,385,000)
Interest paid	<u>(1,578,685)</u>
Net cash used by capital and related financing activities	<u>(2,940,406)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of investments	(59,975)
Unrealized gain on investments	143,007
Interest received	<u>60,154</u>
Net cash provided by investing activities	<u>143,186</u>
Net increase in cash and cash equivalents	142,081
CASH AND CASH EQUIVALENTS, October 1, 2009	<u>16,014,507</u>
CASH AND CASH EQUIVALENTS, September 30, 2010	<u>\$ 16,156,588</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, 2010

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	\$ 40,683
Operating income	
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for amortization	79,346
Provision for depreciation	1,916,232
Changes in assets and liabilities:	
Increase in accounts receivable	(233,453)
Increase in prepaid expenses	(77,975)
Decrease in due from other funds	208,699
Decrease in due from other governments	986,673
Decrease in accounts payable	(162,031)
Decrease in customer deposits	(14,457)
Decrease in compensated absences	(62,166)
Increase in contracts payable	194,314
Increase in net OPEB liability	49,295
Decrease in accrued liabilities	<u>(35,654)</u>
Total adjustments	<u>2,848,823</u>
Net cash provided by operating activities	<u>\$ 2,889,506</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, 2010

**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 consists of identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria also includes 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, 2010

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.

1998 Debt Service Fund (205 Debt Service) - The 1998 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bond, Series 1998.

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.

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.

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.

NORTH SPRINGS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

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.

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.

NORTH SPRINGS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property tax calendar (assessments):

District tax 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

**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, 2010, these 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 \$ 11,044,295 and the bank balance was \$ 11,390,267. In addition, the District had \$ 10,300 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, 2010 were as follows:

<u>Investment</u>	<u>Reported Amount - Fair Value or Amortized Cost</u>	<u>Maturity</u>
Money Market Mutual Funds	\$ 23,888,189	N/A
Certificates of Deposit	2,420,717	Between 1/13/2011 - 6/30/2012
State Board of Administration: Fund B	<u>366,718</u>	Weighted average life is 7.49 years
Total	<u>\$ 26,675,624</u>	

NORTH SPRINGS IMPROVEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

These deposits and investments are reflected in the accompanying statement of net assets as cash and cash equivalents of \$ 35,309,502 and investments of \$ 2,420,717.

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.

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	\$	10,733,194
Future debt service		<u>6,335,211</u>
 Total restricted cash and investments	 \$	 <u><u>17,068,405</u></u>

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$	4,408,252
Future debt service		905,126
Renewal and replacement of capital assets		<u>1,000,229</u>
 Total restricted cash and investments	 \$	 <u><u>6,313,607</u></u>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

**NOTE 4 - CAPITAL ASSETS**

The following is a schedule of changes in capital assets during the year ended September 30, 2010:

	Balance October 1, 2009	Additions	Transfers	Balance September 30, 2010
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,121,112	\$ -	\$ -	\$ 12,121,112
Construction in Progress	<u>320,897</u>	<u>604,709</u>	<u>(320,897)</u>	<u>604,709</u>
Total capital assets, not depreciated	<u>12,442,009</u>	<u>604,709</u>	<u>(320,897)</u>	<u>12,725,821</u>
Capital assets, being depreciated:				
Infrastructure	126,993,618	3,316,014	320,897	130,630,529
Building	2,967,664	-	-	2,967,664
Equipment	<u>177,181</u>	<u>65,000</u>	<u>-</u>	<u>242,181</u>
Total capital assets, being depreciated	<u>130,138,463</u>	<u>3,381,014</u>	<u>320,897</u>	<u>133,840,374</u>
Less accumulated depreciation for:				
Infrastructure	32,784,920	3,096,115	-	35,881,035
Building	972,734	98,922	-	1,071,656
Equipment	<u>125,408</u>	<u>23,827</u>	<u>-</u>	<u>149,235</u>
Total accumulated depreciation	<u>33,883,062</u>	<u>3,218,864</u>	<u>-</u>	<u>37,101,926</u>
Total capital assets depreciated, net	<u>96,255,401</u>	<u>162,150</u>	<u>320,897</u>	<u>96,738,448</u>
Governmental activities capital assets, net	<u>\$ 108,697,410</u>	<u>\$ 766,859</u>	<u>\$ -</u>	<u>\$ 109,464,269</u>

Provision for depreciation was charged to the following functions:

Governmental activities \$ 3,218,864

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

NOTE 4 - CAPITAL ASSETS (continued)

The following is a summary of changes in the Water and Sewer Fund fixed assets for the year ended September 30, 2010:

	Balance October 1, 2009	Additions	Transfers	Balance September 30, 2010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 181,585	\$ -	\$ -	\$ 181,585
Construction in progress	<u>61,291</u>	<u>1,150,656</u>	<u>(61,291)</u>	<u>1,150,656</u>
 Total capital assets, not depreciated	 <u>242,876</u>	 <u>1,150,656</u>	 <u>(61,291)</u>	 <u>1,332,241</u>
Capital assets, being depreciated:				
Building improvements	9,751	-	-	9,751
Infrastructure	70,318,025	-	61,291	70,379,316
Equipment	1,180,473	40,566	-	1,221,039
Meters in the Field	<u>509,162</u>	<u>-</u>	<u>-</u>	<u>509,162</u>
 Total capital assets, being depreciated	 <u>72,017,411</u>	 <u>40,566</u>	 <u>61,291</u>	 <u>72,119,268</u>
Less accumulated depreciation for:				
Building improvements	2,841	487	-	3,328
Infrastructure	20,621,088	1,785,347	-	22,406,435
Equipment	451,258	106,485	-	557,743
Meters in the Field	<u>389,566</u>	<u>23,900</u>	<u>-</u>	<u>413,466</u>
 Total accumulated depreciation	 <u>21,464,753</u>	 <u>1,916,219</u>	 <u>-</u>	 <u>23,380,972</u>
 Total capital assets depreciated, net	 <u>50,552,658</u>	 <u>(1,875,653)</u>	 <u>61,291</u>	 <u>48,738,296</u>
 Business-type activities capital assets	 <u>\$ 50,795,534</u>	 <u>\$ (724,997)</u>	 <u>\$ -</u>	 <u>\$ 50,070,537</u>

Depreciation expense is charged to the following functions:

Business-type activities \$ 1,916,219

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

**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, 2010:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010	Due Within One Year
Water management bonds	\$ 18,495,000	\$ 8,465,000	\$ 9,880,000	\$ 17,080,000	\$ 610,000
Special assessment bonds	40,455,000	-	1,855,000	38,600,000	1,675,000
Deferred loss on early retirement of series 1998 bond	-	(254,222)	-	(254,222)	-
Bond discount and refunding Series 2005	(211,062)	-	27,922	(183,140)	-
	<u>\$ 58,738,938</u>	<u>\$ 8,210,778</u>	<u>\$ 11,762,922</u>	<u>\$ 55,242,638</u>	<u>\$ 2,285,000</u>

Water Management Bonds payable at September 30, 2010 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 \$ 120,000. The bonds are secured primarily from special assessment taxes levied by the District.	\$ 2,420,000
\$ 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 \$ 45,000. The bonds are secured primarily from special assessment taxes levied by the District.	6,195,000
\$ 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 \$ 445,000. The bonds are secured primarily from special assessment taxes levied by the District.	<u>8,465,000</u>
	<u>\$ 17,080,000</u>

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
2011	\$ 610,000	\$ 842,416	\$ 1,452,416
2012	640,000	819,822	1,459,822
2013	675,000	788,677	1,463,677
2014	705,000	756,855	1,461,855
2015	740,000	723,606	1,463,606
2016-2020	4,265,000	2,965,987	7,230,987
2021-2025	4,570,000	1,949,183	6,519,183
2026-2030	2,105,000	1,122,278	3,227,278
2031-2034	2,770,000	473,552	3,243,552
Total	<u>\$ 17,080,000</u>	<u>\$ 10,442,376</u>	<u>\$ 27,522,376</u>

NORTH SPRINGS IMPROVEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2010

NOTE 5 - LONG-TERM DEBT (continued)

Special Assessment Bonds payable at September 30, 2010 are comprised of the following:

<p>\$ 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 \$ 405,000. The bonds are secured primarily from special assessment taxes levied by the District.</p>	<p>\$ 4,920,000</p>
<p>\$ 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 \$ 735,000. The bonds are secured primarily from special assessment taxes levied by the District.</p>	<p>18,210,000</p>
<p>\$ 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 \$ 165,000. The bonds are secured primarily from special assessment taxes levied by the District.</p>	<p>4,110,000</p>
<p>\$ 4,190,000 Series 2005B-1 Special Assessment Bonds, principal is due in a balloon payment in May 2015. Interest at 5.125% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessment taxes levied by the District.</p>	<p>1,475,000</p>
<p>\$ 915,000 Series 2005B-2 Special Assessment Bonds, principal is due in a balloon payment in May 2015. Interest at 5.2% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessment taxes levied by the District.</p>	<p>405,000</p>
<p>\$ 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 \$ 235,000. The bonds are secured primarily from special assessment taxes levied by the District.</p>	<p>6,245,000</p>
<p>\$ 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 assessment taxes levied by the District.</p>	<p>1,790,000</p>
<p>\$ 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 \$ 135,000. The bonds are secured primarily from special assessment taxes levied by the District.</p>	<p><u>1,445,000</u></p>
	<p><u>\$ 38,600,000</u></p>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

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

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:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,675,000	\$ 2,139,642	\$ 3,814,642
2012	1,770,000	2,043,945	3,813,945
2013	1,875,000	1,942,339	3,817,339
2014	3,780,000	2,134,712	5,914,712
2015	3,985,000	1,630,972	5,615,972
2016-2020	11,570,000	5,706,676	17,276,676
2021-2025	10,860,000	2,653,038	13,513,038
2026-2027	3,085,000	193,776	3,278,776
<b>Total</b>	<b>\$ 38,600,000</b>	<b>\$ 18,445,100</b>	<b>\$ 57,045,100</b>

Summary of significant bond covenants:

The following is a schedule of required reserve deposits as of September 30, 2010:

	<u>Reserve Requirement</u>	<u>Reserve Balance</u>
Series 1997 Special Assessment Bond	\$ 739,150	\$ 739,150
Series 2005A/B Water Management Bond	317,844	317,844
Series 2005A-1 Special Assessment Bond	1,496,862	1,553,991
Series 2005A-2 Special Assessment Bond	340,719	353,569
Series 2005B-1 Special Assessment Bond	37,760	37,814
Series 2005B-2 Special Assessment Bond	10,368	10,378
Series 2006A Special Assessment Bond	504,534	524,402
Series 2006B Special Assessment Bond	44,750	44,750
Series 2009 Special Assessment Bond	19,843	19,843
Series 2010 Water Management Bond	81,528	81,528

Advanced Refunding

In May 2010, the District issued \$ 8,465,000 of Series 2010 Water Management Revenue Refunding Bonds. The Series 2010 Water Management Revenue Refunding Bonds were issued to refund the outstanding Series 1998 Water Management Bonds. The Series 2010 Bonds bear an interest rate of 4.39% with principal due annually from May 2011 to May 2024.

The reacquisition price exceeded the net carrying amount of the old debt by \$ 254,222. The amount is recorded as a reduction against the new debt and amortized over the life of the new debt issued. The refunding of the Series 1998 Water Management Bonds resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt, net of District's contribution) of approximately \$ 135,155.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

**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, 2010:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010	Due Within One Year
Utility revenue refunding bonds	\$ 3,600,000	\$ -	\$ 3,600,000	\$ -	\$ -
Water and sewer revenue and refunding bonds	17,785,000	21,535,000	17,785,000	21,535,000	280,000
Deferred loss on early retirement of Series 1994 and 1998 bonds	<u>(952,579)</u>	<u>(903,488)</u>	<u>952,579</u>	<u>(903,488)</u>	<u>-</u>
Total bonds payable	<u>\$ 20,432,421</u>	<u>\$ 20,631,512</u>	<u>\$ 22,337,579</u>	<u>\$ 20,631,512</u>	<u>\$ 280,000</u>

Water and Sewer Revenue Bonds payable at September 30, 2010 are comprised of the following:

\$ 16,800,000 Series 2010A Water and Sewer Refunding Revenue Bonds, due in annual principal installments beginning in October 2010 through October 2023. Interest at 4.39% is due in April and October. Current portion is \$ 225,000. 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.

\$ 16,800,000

\$ 4,735,000 Series 2010B Water and Sewer Revenue Bonds, due in annual principal installments beginning in October 2010 through October 2025. Interest at 4.39% is due in April and October. Current portion is \$ 55,000. 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.

4,375,000  
\$ 21,535,000

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

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

The annual requirements to amortize the principal and interest of Enterprise Fund Bonds payable as of September 30, 2010 are as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 280,000	\$ 700,199	\$ 980,199
2012	1,195,000	921,979	2,116,979
2013	1,245,000	865,234	2,110,234
2014	1,300,000	808,599	2,108,599
2015	1,365,000	749,292	2,114,292
2016-2020	7,775,000	2,761,893	10,536,893
2021-2025	7,960,000	864,295	8,824,295
2026	415,000	9,261	424,261
<b>Total</b>	<b>\$ 21,535,000</b>	<b>\$ 7,680,752</b>	<b>\$ 29,215,752</b>

Advanced Refunding

In July 2010, the District issued \$ 16,800,000 of Series 2010A Water and Sewer Revenue Refunding Bonds and \$ 4,375,000 of Series 2010B Water and Sewer Revenue Bonds. The Series 2010A/B Water and Sewer Revenue Refunding Bonds were issued to refund the outstanding Series 1994B Utility Revenue Refunding Bonds and Series 1998 Water and Sewer Revenue Bonds. The Series 2010A Water and Sewer Revenue Refunding Bonds bear an interest rate of 4.39% with term bonds of \$ 16,800,000 due from October 2010 to October 2023. The Series 2010B Water and Sewer Revenue Bonds bear an interest rate of 4.39% with principal due annually from October 2010 to October 2025.

The reacquisition price exceeded the net carrying amount of the old debt by \$ 903,488. The amount is recorded as a reduction against the new debt and amortized over the life of the new debt issued. The refunding of the Series 1994B Utility Revenue Refunding Bonds and Series 1998 Water and Sewer Revenue Bonds resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt, net of District's contribution) of approximately \$ 102,284.

**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund receivables and payables at September 30, 2010 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ -	\$ 102,278
309 Capital Projects Fund	-	117,893
<b>Totals</b>	<b>-</b>	<b>220,171</b>
Enterprise funds:		
Water and Sewer Fund	220,171	-
<b>Totals</b>	<b>\$ 220,171</b>	<b>\$ -</b>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

**NOTE 6 - INTERFUND TRANSACTIONS (continued)**

Amounts due from the General Fund represent payroll reimbursement to the Water and Sewer Fund. Amounts due from the Capital Project fund represent capital outlay reimbursement to the Water and Sewer Fund. 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	\$ 50,391	\$ 844
205 Debt Service Fund	9,225,420	1,196,031
211 Debt Service Fund	1,256,464	9,225,420
201 Debt Service Fund	-	50,391
203 Debt Service Fund	844	-
302 Capital Projects Fund	-	29,257
305 Capital Projects Fund	-	31,176
	<u>\$ 10,533,119</u>	<u>\$ 10,533,119</u>
Totals	<u>\$ 10,533,119</u>	<u>\$ 10,533,119</u>

Amounts transferred between funds during the year were mostly for the purpose of recording the advanced refunding (Note 5) and the closing out of funds.

**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, 2010 consisted of the following:

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

	Balance October 1, 2009	Increase (Decrease)	Balance September 30, 2010	Due Within One Year
Compensated absences	\$ 39,161	\$ 14,382	\$ 53,543	\$ 8,221
Total	<u>\$ 39,161</u>	<u>\$ 14,382</u>	<u>\$ 53,543</u>	<u>\$ 8,221</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

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

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

	<u>Balance October 1, 2009</u>	<u>Increase (Decrease)</u>	<u>Balance September 30, 2010</u>	<u>Due Within One Year</u>
Compensated absences	\$ 121,362	\$ (62,166)	\$ 59,196	\$ 7,557
Total	<u>\$ 121,362</u>	<u>\$ (62,166)</u>	<u>\$ 59,196</u>	<u>\$ 7,557</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, 2010 were \$ 1,667,177. 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 \$ 97,394.

**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.

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.

NORTH SPRINGS IMPROVEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2010

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)

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	66,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>66,000</u>
Contributions made (credit for implied subsidy)	<u>(5,000)</u>
Increase in net OPEB obligation	61,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ 61,000</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, 2010 was:

Annual OPEB cost	\$ 66,000
Percentage of OPEB cost contributed	<u>8%</u>
Net OPEB obligation	<u><u>\$ 61,000</u></u>

*Funded Status and Funding Progress*

The funded status of the plan as of October 1, 2010 was as follows:

Actuarial accrued liability	\$ 305,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 305,000</u></u>
Funded ratio	
Covered payroll	<u><u>\$ 1,791,000</u></u>
UAAL as a percentage of covered payroll	17%

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.

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2010

**NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)**

*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, 2010
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	10.00% for 2010/2011 graded to 6.00% for 2018/2019
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 - PRIOR PERIOD ADJUSTMENTS**

During the 2009-2010 fiscal year, it was determined that prior period adjustments were required. The details of the prior period adjustments are as follows:

	General Fund	Governmental Activities
Fund balance and net assets, October 1, 2009, as previously stated	\$ 1,834,547	\$ 72,268,430
Increase due to overstatement of accrued interest payable	-	1,408,410
Increase due to overstatement of repairs and maintenance	126,212	126,212
Fund balance and net assets, October 1, 2009, as restated	\$ 1,960,759	\$ 73,803,052

**REQUIRED SUPPLEMENTARY  
INFORMATION**

NORTH SPRINGS IMPROVEMENT DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
September 30, 2010

An analysis of funding progress for the Unfunded Actuarial Accrued Liability (UAAL) for the most recent actuarial valuation date available is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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%

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

# OTHER FINANCIAL INFORMATION

## NORTH SPRINGS IMPROVEMENT DISTRICT

### Nonmajor Governmental Funds Overview

**1990A Debt Service Fund (201 Debt Service)** – The 1990A Debt Service Fund accounted for debt service requirements for the District’s outstanding Water Management Bonds, Series 1990A.

**1997A Parkland Isles Debt Service Fund (203 Debt Service)** – The 1997A Parkland Isles Debt Service Fund accounted for debt service requirements for the District’s outstanding Special Assessment Bonds, Series 1997A.

**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.

**1994A Capital Project Fund (302 Capital Projects)** – The 1994A Capital Project Fund accounts for the financing and refinancing the acquisition, construction and installation of the water management facilities and related improvements.

**1998 Capital Project Fund (305 Capital Projects)** – The 1998 Supplement 2 Capital Project Fund accounts for the construction, acquisition and installation of certain water management and related facilities within Supplement No. 2 of the District.

**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 Project Fund (309 Capital Projects)** – The 2006A/B Capital Project 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, 2010**

	<u>201</u> Debt Service	<u>203</u> Debt Service	<u>204</u> Debt Service	<u>206</u> Debt Service	<u>208</u> Debt Service	<u>209</u> Debt Service
<b>ASSETS:</b>						
Due from other funds	\$ -	\$ -	\$ 58,541	\$ 35,096	\$ 1,331	\$ 843
Restricted assets:						
Investments at fair value	<u>-</u>	<u>-</u>	<u>1,377,908</u>	<u>727,231</u>	<u>515,721</u>	<u>842,076</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,449</u>	<u>\$ 762,327</u>	<u>\$ 517,052</u>	<u>\$ 842,919</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 750	\$ 3,000	\$ -
Contracts payable	-	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>3,000</u>	<u>-</u>
Fund balances:						
Reserved for debt service	-	-	1,436,449	761,577	514,052	842,919
Reserved for capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>1,436,449</u>	<u>761,577</u>	<u>514,052</u>	<u>842,919</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,449</u>	<u>\$ 762,327</u>	<u>\$ 517,052</u>	<u>\$ 842,919</u>

210 Debt Service	302 Capital Projects	305 Capital Projects	306 Capital Projects	308 Capital Projects	309 Capital Projects	Total Other Governmental Funds
\$ 325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,136
<u>66,840</u>	<u>-</u>	<u>-</u>	<u>68,193</u>	<u>126,948</u>	<u>3,428,060</u>	<u>7,152,977</u>
<u>\$ 67,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,193</u>	<u>\$ 126,948</u>	<u>\$ 3,428,060</u>	<u>\$ 7,249,113</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750
-	-	-	-	674	64,156	64,830
-	-	-	-	-	117,893	117,893
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674</u>	<u>182,049</u>	<u>186,473</u>
67,165	-	-	68,193	126,274	3,246,011	3,622,162
<u>-</u>	<u>-</u>	<u>-</u>	<u>68,193</u>	<u>126,274</u>	<u>3,246,011</u>	<u>3,440,478</u>
<u>67,165</u>	<u>-</u>	<u>-</u>	<u>68,193</u>	<u>126,274</u>	<u>3,246,011</u>	<u>7,062,640</u>
<u>\$ 67,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,193</u>	<u>\$ 126,948</u>	<u>\$ 3,428,060</u>	<u>\$ 7,249,113</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2010**

	201 Debt Service	203 Debt Service	204 Debt Service	206 Debt Service	208 Debt Service	209 Debt Service
<b>REVENUES:</b>						
Special assessments	\$ -	\$ -	\$ 774,322	\$ 632,269	\$ 446,035	\$ 657,238
Investment earnings	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>774,322</u>	<u>632,269</u>	<u>446,035</u>	<u>657,238</u>
<b>EXPENDITURES:</b>						
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	95,000	-	380,000	160,000	235,000	255,000
Interest	3,859	-	371,000	479,455	258,187	426,715
Other	-	1,000	11,719	12,855	19,146	11,564
Total expenditures	<u>98,859</u>	<u>1,000</u>	<u>762,719</u>	<u>652,310</u>	<u>512,333</u>	<u>693,279</u>
Excess of revenues over (under) expenditures	(98,859)	(1,000)	11,603	(20,041)	(66,298)	(36,041)
<b>OTHER FINANCING SOURCES (USES):</b>						
Forgiveness of debt	-	-	-	-	-	-
Operating transfers in	-	844	-	-	-	-
Operating transfers out	<u>(50,391)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(50,391)</u>	<u>844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(149,250)	(156)	11,603	(20,041)	(66,298)	(36,041)
<b>FUND BALANCES, October 1, 2009</b>	<u>149,250</u>	<u>156</u>	<u>1,424,846</u>	<u>781,618</u>	<u>580,350</u>	<u>878,960</u>
<b>FUND BALANCES, September 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,449</u>	<u>\$ 761,577</u>	<u>\$ 514,052</u>	<u>\$ 842,919</u>

210 Debt Service	302 Capital Projects	305 Capital Projects	306 Capital Projects	308 Capital Projects	309 Capital Projects	Total Other Governmental Funds
\$ 201,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,711,418
-	-	-	-	-	-	-
<u>201,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,711,418</u>
-	-	-	-	-	746,281	746,281
130,000	-	-	-	-	-	1,255,000
71,746	-	-	-	-	-	1,610,962
10,394	-	-	-	-	-	66,678
<u>212,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746,281</u>	<u>3,678,921</u>
<u>(10,586)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(746,281)</u>	<u>(967,503)</u>
-	-	-	-	59,198	350,319	409,517
-	-	-	-	-	-	844
<u>-</u>	<u>(29,257)</u>	<u>(31,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,824)</u>
<u>-</u>	<u>(29,257)</u>	<u>(31,176)</u>	<u>-</u>	<u>59,198</u>	<u>350,319</u>	<u>299,537</u>
(10,586)	(29,257)	(31,176)	-	59,198	(395,962)	(667,966)
<u>77,751</u>	<u>29,257</u>	<u>31,176</u>	<u>68,193</u>	<u>67,076</u>	<u>3,641,973</u>	<u>7,730,606</u>
<u>\$ 67,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,193</u>	<u>\$ 126,274</u>	<u>\$ 3,246,011</u>	<u>\$ 7,062,640</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, 2010, which collectively comprises the District's basic financial statements and have issued our report thereon dated June 22, 2011. 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

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 North Springs Improvement 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.

## North Springs Improvement District

### 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*.

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  
June 22, 2011



## INDEPENDENT AUDITORS' REPORT TO DISTRICT MANAGEMENT

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

We have audited the basic financial statements of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2010, and have issued our report thereon dated June 22, 2011.

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. Disclosures in that report, which are dated June 22, 2011, 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 is required to include the following information.

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 basic 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, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.

Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply 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 Chapter 119, Florida statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, members of the Board of Supervisors, and the Florida Auditor General, 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  
June 22, 2011