

**NORTH SPRINGS
IMPROVEMENT DISTRICT
BASIC FINANCIAL STATEMENTS**

September 30, 2013

NORTH SPRINGS IMPROVEMENT DISTRICT
BASIC FINANCIAL STATEMENTS
September 30, 2013

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BASIC FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 7, budget comparison information on page 17 and schedule of funding progress – other post-employment benefits on page 40 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.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2014, on our consideration of the Districts internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Districts internal control over financial reporting and compliance.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 15, 2014

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

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.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended September 30, 2013:

- The District's total assets exceeded total liabilities by \$ 120,039,325 (net position). Unrestricted net position for governmental activities was \$ (1,377,349). Unrestricted business-type activities were \$ 582,106.
- Governmental activities revenues totaled \$ 8,091,319, including interest income and unrealized gains of \$ 5,070. Governmental activities expenses totaled \$ 9,197,960. Business-type revenues totaled \$ 13,625,268 including interest income and unrealized gains on investments totaling \$ 40,555. Business-type expenses totaled \$ 10,107,556.

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 position and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. 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 position presents information on all assets and liabilities of the District, with the difference between assets, deferred inflows/outflows of resources and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

The statement of activities presents information on all revenues and expenses of the District and the change in net position. 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 proprietary 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 funds. A statement of revenues, expenditures, and change in fund balance - budget and actual, is provided for the District's General Fund. For proprietary funds, a statement of net position, a statement of revenues, expenses and change in net position, 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 position. 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 information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 39 of this report.

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's funding progress of Other Post-Employment Benefits Plan.

The combining statements of nonmajor governmental funds are presented immediately following the required supplementary information. The nonmajor governmental funds overview and combining fund statements can be found on pages 41 through 45.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2013 and 2012:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
CURRENT AND OTHER ASSETS	\$ 616,033	\$ 1,380,396	\$ 9,816,078	\$ 8,138,906	\$ 10,432,111	\$ 9,519,302
RESTRICTED ASSETS	8,728,699	9,832,925	19,319,986	28,621,697	28,048,685	38,454,622
CAPITAL ASSETS (NET)	<u>107,506,765</u>	<u>110,902,367</u>	<u>74,087,355</u>	<u>62,679,616</u>	<u>181,594,120</u>	<u>173,581,983</u>
Total assets	<u>116,851,497</u>	<u>122,115,688</u>	<u>103,223,419</u>	<u>99,440,219</u>	<u>220,074,916</u>	<u>221,555,907</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>299,119</u>	<u>345,200</u>	<u>451,745</u>	<u>602,326</u>	<u>750,864</u>	<u>947,526</u>
CURRENT LIABILITIES	4,910,276	3,819,802	7,339,344	5,979,707	12,249,620	9,799,509
NONCURRENT LIABILITIES	<u>41,061,953</u>	<u>46,356,058</u>	<u>47,474,882</u>	<u>48,719,612</u>	<u>88,536,835</u>	<u>95,075,670</u>
Total liabilities	<u>45,972,229</u>	<u>50,175,860</u>	<u>54,814,226</u>	<u>54,699,319</u>	<u>100,786,455</u>	<u>104,875,179</u>
NET POSITION						
Net investment in capital assets	71,749,583	72,295,492	45,379,086	41,838,639	117,128,669	114,134,131
Restricted	806,153	2,719,595	2,899,746	3,127,240	3,705,899	5,846,835
Unrestricted	<u>(1,377,349)</u>	<u>(2,730,059)</u>	<u>582,106</u>	<u>377,347</u>	<u>(795,243)</u>	<u>(2,352,712)</u>
Total net position	<u>\$ 71,178,387</u>	<u>\$ 72,285,028</u>	<u>\$ 48,860,938</u>	<u>\$ 45,343,226</u>	<u>\$ 120,039,325</u>	<u>\$ 117,628,254</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

Governmental and Business-Type Activities

Governmental activities decreased the District's net position by \$ 1,106,641, while business-type activities increased the District's net position by \$ 3,517,712, as reflected in the table below:

**North Springs Improvement District
Statements of Activities**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUES:						
Charges for services	\$ -	\$ -	\$ 13,488,905	\$ 10,538,732	\$ 13,488,905	\$ 10,538,732
Taxes:						
Assessments	7,973,042	7,661,517	-	-	7,973,042	7,661,517
Other	<u>113,207</u>	<u>103,480</u>	<u>95,808</u>	<u>12,309</u>	<u>209,015</u>	<u>115,789</u>
Total revenues	<u>8,086,249</u>	<u>7,764,997</u>	<u>13,584,713</u>	<u>10,551,041</u>	<u>21,670,962</u>	<u>18,316,038</u>
EXPENSES:						
General government	826,809	750,153	-	-	826,809	750,153
Physical environment	2,271,041	1,860,687	-	-	2,271,041	1,860,687
Water and sewer	-	-	7,285,029	6,603,082	7,285,029	6,603,082
Provisions for depreciation	3,500,921	3,589,666	2,020,740	2,112,763	5,521,661	5,702,429
Interest expense and other fiscal charges	<u>2,599,189</u>	<u>2,741,825</u>	<u>801,787</u>	<u>723,346</u>	<u>3,400,976</u>	<u>3,465,171</u>
Total expenses	<u>9,197,960</u>	<u>8,942,331</u>	<u>10,107,556</u>	<u>9,439,191</u>	<u>19,305,516</u>	<u>18,381,522</u>
Change in net position before other income (expense)	<u>(1,111,711)</u>	<u>(1,177,334)</u>	<u>3,477,157</u>	<u>1,111,850</u>	<u>2,365,446</u>	<u>(65,484)</u>
OTHER INCOME (EXPENSE):						
Interest income	3,235	3,788	4,526	4,078	7,761	7,866
Unrealized gain on investments	<u>1,835</u>	<u>4,054</u>	<u>36,029</u>	<u>78,811</u>	<u>37,864</u>	<u>82,865</u>
Total other income (expense)	<u>5,070</u>	<u>7,842</u>	<u>40,555</u>	<u>82,889</u>	<u>45,625</u>	<u>90,731</u>
Change in net position	(1,106,641)	(1,169,492)	3,517,712	1,194,739	2,411,071	25,247
NET POSITION, beginning of the year, as restated	<u>72,285,028</u>	<u>73,454,520</u>	<u>45,343,226</u>	<u>44,148,487</u>	<u>117,628,254</u>	<u>117,603,007</u>
NET POSITION, end of the year	<u>\$ 71,178,387</u>	<u>\$ 72,285,028</u>	<u>\$ 48,860,938</u>	<u>\$ 45,343,226</u>	<u>\$ 120,039,325</u>	<u>\$ 117,628,254</u>

ANALYSIS OF THE GOVERNMENTAL FUNDS

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

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 9,215,925.

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, 2013 amounts to \$ 107,506,765 and \$ 74,087,355, 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 \$ 44,785,000 and the District's business activities had debt outstanding of \$ 48,480,000.

Additional information on the District's debt can be found in Note 5 on pages 31 through 34 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 13, 2013, the General Fund budget was amended in order to reallocate certain expenditures in year ended September 30, 2013 as a result of adjustments of revenues and expenses approved during the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S UTILITY RATES

In December 2013, the Board approved utility rate increases beginning in 2014.

REQUESTS FOR INFORMATION

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash, cash equivalents and investments	\$ 937,560	\$ 6,769,839	\$ 7,707,399
Prepaid expenses	31,582	72,300	103,882
Accounts receivable	1,273	1,543,759	1,545,032
Internal balances	(354,382)	354,382	-
Due from other sources	-	1,075,798	1,075,798
	<u>616,033</u>	<u>9,816,078</u>	<u>10,432,111</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments	8,728,699	19,319,986	28,048,685
Capital assets not being depreciated:			
Land	12,243,726	2,770,294	15,014,020
Construction in progress	60,319	23,460,390	23,520,709
Easements	-	82,785	82,785
Capital assets being depreciated:			
Buildings and improvements	3,618,942	351,547	3,970,489
Infrastructure	138,329,619	74,225,740	212,555,359
Equipment	690,010	2,456,762	3,146,772
Less accumulated depreciation	<u>(47,435,851)</u>	<u>(29,260,163)</u>	<u>(76,696,014)</u>
	<u>116,235,464</u>	<u>93,407,341</u>	<u>209,642,805</u>
Total noncurrent assets			
	<u>116,851,497</u>	<u>103,223,419</u>	<u>220,074,916</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	<u>299,119</u>	<u>451,745</u>	<u>750,864</u>
	<u>117,150,616</u>	<u>103,675,164</u>	<u>220,825,780</u>
Total assets and deferred outflows of resources			

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
(continued)
September 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 33,858	\$ 344,728.00	\$ 378,586
Accrued liabilities	18,902	141,182	160,084
Contracts payable	11,889	2,274,298	2,286,187
Customer deposits	64,158	616,314	680,472
Due to developer	-	1,885,923	1,885,923
Accrued interest	941,830	796,001	1,737,831
Bonds payable	3,835,000	1,275,000	5,110,000
Compensated absences payable	4,639	5,898	10,537
	<u>4,910,276</u>	<u>7,339,344</u>	<u>12,249,620</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated absences payable	41,752	53,083	94,835
Net OPEB obligation	70,201	216,799	287,000
Bonds payable	40,950,000	47,205,000	88,155,000
	<u>41,061,953</u>	<u>47,474,882</u>	<u>88,536,835</u>
Total noncurrent liabilities			
	<u>45,972,229</u>	<u>54,814,226</u>	<u>100,786,455</u>
Total liabilities			
NET POSITION:			
Net investment in capital assets	71,749,583	45,379,086	117,128,669
Restricted for:			
Renewal and replacement	-	1,275,656	1,275,656
Debt service	806,153	1,624,090	2,430,243
Unrestricted	(1,377,349)	582,106	(795,243)
	<u>71,178,387</u>	<u>48,860,938</u>	<u>120,039,325</u>
Total net position			
	<u>71,178,387</u>	<u>48,860,938</u>	<u>120,039,325</u>
Total liabilities and net position			
	<u>\$ 117,150,616</u>	<u>\$ 103,675,164</u>	<u>\$ 220,825,780</u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Donations	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:						
Governmental activities:						
General government	\$ 826,809	\$ -	\$ -	\$ (826,809)	\$ -	\$ (826,809)
Physical environment	2,271,041	-	-	(2,271,041)	-	(2,271,041)
Provision for depreciation	3,500,921	-	-	(3,500,921)	-	(3,500,921)
Interest expense and other fiscal charges	2,599,189	-	-	(2,599,189)	-	(2,599,189)
Total governmental activities	9,197,960	-	-	(9,197,960)	-	(9,197,960)
Business-type activities:						
Personal services	2,419,523	-	-	-	(2,419,523)	(2,419,523)
Materials, supplies and services	4,865,506	13,488,905	-	-	8,623,399	8,623,399
Provision for depreciation	2,020,740	-	-	-	(2,020,740)	(2,020,740)
Interest expense and other fiscal charges	801,787	-	-	-	(801,787)	(801,787)
Total business-type activities	10,107,556	13,488,905	-	-	3,381,349	3,381,349
Total primary government	\$ 19,305,516	\$ 13,488,905	\$ -	(9,197,960)	3,381,349	(5,816,611)
General revenues:						
Special assessments				7,973,042	-	7,973,042
Investment earnings				3,235	4,526	7,761
Miscellaneous				113,207	95,808	209,015
Unrealized gain on investments				1,835	36,029	37,864
Total general revenues				8,091,319	136,363	8,227,682
Change in net position				(1,106,641)	3,517,712	2,411,071
Net position, October 1, 2012 as restated (Note 12)				72,285,028	45,343,226	117,628,254
Net position, September 30, 2013				<u>\$ 71,178,387</u>	<u>\$ 48,860,938</u>	<u>\$ 120,039,325</u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013

	General	204 Debt Service	207 Debt Service
ASSETS:			
Cash, cash equivalents and investments	\$ 937,560	\$ -	\$ -
Accounts receivable	1,236	-	11
Prepaid expenditures	31,582	-	-
Due from other funds	137,296	-	-
Restricted assets:			
Investments at fair value	-	-	2,289,502
Total assets	\$ 1,107,674	\$ -	\$ 2,289,513
LIABILITIES AND FUND BALANCES:			
Accounts payable	\$ 33,858	\$ -	\$ -
Accrued liabilities	18,902	-	-
Customer deposits	64,158	-	-
Due to other funds	483,737	-	-
Contracts payable	-	-	-
Total liabilities	600,655	-	-
Fund balances:			
Nonspendable:			
Prepaid expenditures	31,582	-	-
Restricted for:			
Debt service	-	-	2,289,513
Capital projects	-	-	-
Assigned to:			
First quarter operating reserves	50,000	-	-
Unassigned	425,437	-	-
Total fund balances	507,019	-	2,289,513
Total liabilities and fund balances	\$ 1,107,674	\$ -	\$ 2,289,513

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

<u>209 Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 937,560
4	22	1,273
-	-	31,582
-	-	137,296
<u>955,879</u>	<u>5,483,318</u>	<u>8,728,699</u>
\$ <u><u>955,883</u></u>	\$ <u><u>5,483,340</u></u>	\$ <u><u>9,836,410</u></u>
\$ -	\$ -	\$ 33,858
-	-	18,902
-	-	64,158
-	7,941	491,678
-	<u>11,889</u>	<u>11,889</u>
<u>-</u>	<u>19,830</u>	<u>620,485</u>
-	-	31,582
-	2,277,840	4,567,353
955,883	3,185,670	4,141,553
-	-	50,000
-	-	<u>425,437</u>
<u>955,883</u>	<u>5,463,510</u>	<u>9,215,925</u>
\$ <u><u>955,883</u></u>	\$ <u><u>5,483,340</u></u>	\$ <u><u>9,836,410</u></u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2013

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 9,215,925

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

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

Cost of capital assets	\$ 154,942,616	
Accumulated depreciation	<u>(47,435,851)</u>	107,506,765

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(44,785,000)	
Deferred charge	299,119	
Accrued interest payable on long term debt	(941,830)	
OPEB obligation	(70,201)	
Compensated absences	<u>(46,391)</u>	<u>(45,544,303)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 71,178,387

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, 2013

	General	204 Debt Service	207 Debt Service
REVENUES:			
Special assessments	\$ 2,235,145	\$ 666,297	\$ 1,756,528
Permit fees	9,800	-	-
Investment earnings	1,626	85	424
Unrealized gain on investments	1,835	-	-
Miscellaneous revenues	103,407	-	-
Total revenues	2,351,813	666,382	1,756,952
EXPENDITURES:			
Current:			
General government:			
Personal services	620,360	-	-
Operating	206,365	-	-
Physical environment:			
Personal services	605,729	-	-
Operating	1,658,401	-	-
Capital outlay	2,252	-	-
Debt service:			
Principal	-	4,075,000	880,000
Interest	-	203,637	901,158
Bond issuance costs and other fiscal charges	-	8,119	12,327
Total expenditures	3,093,107	4,286,756	1,793,485
Net change in fund balances	(741,294)	(3,620,374)	(36,533)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	23,997	2,701,972	-
Operating transfers out	-	(549,071)	-
Refunding bond proceeds	-	-	-
Total other financing sources (uses)	23,997	2,152,901	-
Net change in fund balances	(717,297)	(1,467,473)	(36,533)
FUND BALANCES, October 1, 2012	1,224,316	1,467,473	2,326,046
FUND BALANCES, September 30, 2013	\$ 507,019	\$ -	\$ 2,289,513

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

<u>209 Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,114,541	\$ 2,200,531	\$ 7,973,042
-	-	9,800
133	967	3,235
-	-	1,835
-	-	103,407
<u>1,114,674</u>	<u>2,201,498</u>	<u>8,091,319</u>
-	-	620,360
-	-	206,365
-	-	605,729
-	-	1,658,401
-	110,158	112,410
825,000	1,395,000	7,175,000
384,520	1,066,427	2,555,742
<u>3,693</u>	<u>123,102</u>	<u>147,241</u>
<u>1,213,213</u>	<u>2,694,687</u>	<u>13,081,248</u>
<u>(98,539)</u>	<u>(493,189)</u>	<u>(4,989,929)</u>
-	549,106	3,275,075
(19,607)	(2,706,397)	(3,275,075)
-	3,175,000	3,175,000
<u>(19,607)</u>	<u>1,017,709</u>	<u>3,175,000</u>
<u>(118,146)</u>	<u>524,520</u>	<u>(1,814,929)</u>
<u>1,074,029</u>	<u>4,938,990</u>	<u>11,030,854</u>
<u>\$ 955,883</u>	<u>\$ 5,463,510</u>	<u>\$ 9,215,925</u>

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

**NORTH SPRINGS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013**

NET CHANGE IN FUND BALNCES - TOTAL GOVERNMENTAL FUNDS \$ (1,814,929)

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

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

Capital outlay	\$ 105,319	
Current year depreciation	<u>(3,500,921)</u>	(3,395,602)

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 position.

Principal payments	7,175,000	
Bond proceeds	<u>(3,175,000)</u>	4,000,000

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

Amortization of deferred charge - Series 1998 & 2005	(46,081)	
Change in accrued interest payable	149,875	
Change in OPEB obligation	(23,168)	
Change in compensated absences	<u>23,264</u>	<u>103,890</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (1,106,641)

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 BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 2,189,665	\$ 2,194,665	\$ 2,235,145	\$ 40,480
Permit fees	7,000	7,000	9,800	2,800
Investment earnings	-	200	1,626	1,426
Miscellaneous revenues	95,000	95,000	103,407	8,407
Unrealized gain on investments	-	-	1,835	1,835
Total revenues	2,291,665	2,296,865	2,351,813	54,948
EXPENDITURES:				
Current:				
General government:				
Personal	574,428	624,478	620,360	4,118
Operating	225,975	206,265	206,365	(100)
Physical environment:				
Personal	559,172	616,172	605,729	10,443
Operating	1,052,590	1,444,850	1,658,401	(213,551)
Capital outlay	240,000	204,000	2,252	201,748
Total expenditures	2,652,165	3,095,765	3,093,107	2,658
Excess (deficiency) of revenues over expenditures	(360,500)	(798,900)	(741,294)	57,606
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	23,997	(23,997)
Reserved for designated projects and emergencies	(460,000)	(300,000)	-	(300,000)
Appropriation of prior years' fund balance	1,104,000	1,148,900	-	1,148,900
Reserved for first quarter operating	(283,500)	(50,000)	-	(50,000)
Total other financing sources (uses)	360,500	798,900	23,997	774,903
Net change in fund balance	-	-	(717,297)	(717,297)
FUND BALANCE, October 1, 2012	-	-	1,224,316	1,224,316
FUND BALANCE, September 30, 2013	\$ -	\$ -	\$ 507,019	\$ 507,019

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2013

ASSETS:

Current assets:

Cash, cash equivalents and investments	\$	6,769,839
Accounts receivable		1,543,759
Prepaid expenses		72,300
Due from other funds		354,382
Due from other sources		1,075,798
		<u>1,075,798</u>

Total current assets		<u>9,816,078</u>
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Noncurrent assets:

Restricted assets:

Cash, cash equivalents and investments		19,319,986
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Capital assets:

Depreciable (net)		47,773,886
Nondepreciable		26,313,469
		<u>26,313,469</u>

Total noncurrent assets		<u>93,407,341</u>
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Total assets		<u>103,223,419</u>
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred charge on refunding		451,745
		<u>451,745</u>

Total assets and deferred outflows of resources	\$	<u>103,675,164</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 NET POSITION
PROPRIETARY FUND
(continued)
September 30, 2013

LIABILITIES:

Current liabilities:

Accounts payable	\$	344,728
Accrued liabilities		141,182
Contracts payable		2,274,298
Due to developer		1,885,923
Customer deposits		616,314
Accrued interest		796,001
Compensated absences payable		5,898
Bonds payable		<u>1,275,000</u>
Total current liabilities		<u>7,339,344</u>

Noncurrent liabilities:

Compensated absences payable		53,083
Net OPEB obligation		216,799
Bonds payable		<u>47,205,000</u>
Total noncurrent liabilities		<u>47,474,882</u>

Total liabilities		<u>54,814,226</u>
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NET POSITION:

Net investment in capital assets		45,379,086
Restricted for renewal and replacement		1,275,656
Restricted for debt service		1,624,090
Unrestricted		<u>582,106</u>
Total net position		<u>48,860,938</u>

Total liabilities and net position	\$	<u><u>103,675,164</u></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 REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2013

OPERATING REVENUES:

Charges for services:	
Water and sewer	\$ 6,557,906
Sewer	4,494,054
Connection fees	1,930,570
Miscellaneous fees	351,887
Meter fees	<u>154,488</u>
Total operating revenues	<u>13,488,905</u>

OPERATING EXPENSES:

Personal services	2,419,523
Materials, supplies and services	4,865,506
Provisions for depreciation	<u>2,020,740</u>
Total operating expenses	<u>9,305,769</u>
Operating income	<u>4,183,136</u>

NONOPERATING REVENUES (EXPENSES):

Miscellaneous revenues	95,808
Unrealized gain on investments	36,029
Interest earnings	4,526
Interest expense and other fiscal charges	<u>(801,787)</u>
Total nonoperating revenue (expenses)	<u>(665,424)</u>

Change in net position	<u>3,517,712</u>
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NET POSITION, October 1, 2012 as restated (Note 12)	<u>45,343,226</u>
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NET POSITION, September 30, 2013	<u><u>\$ 48,860,938</u></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
PROPRIETARY FUND
For the Year Ended September 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 13,309,288
Payments to suppliers for goods and services	(5,413,133)
Payments to employees for services	<u>(2,442,448)</u>
Net cash provided by (used in) operating activities	<u>5,453,707</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from grants and other miscellaneous activities	<u>95,808</u>
Net cash provided by (used in) noncapital financing activities	<u>95,808</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(12,551,050)
Bond principal payments	(1,585,000)
Deferred amount on refunding	150,581
Interest and other charges	<u>(827,812)</u>
Net cash provided by (used in) capital and related financing activities	<u>(14,813,281)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Unrealized gain on investments	36,029
Interest received	<u>4,526</u>
Net cash provided by (used in) investing activities	<u>40,555</u>
Net increase in cash, cash equivalents and investments	(9,223,211)
CASH, CASH EQUIVALENTS AND INVESTMENTS, October 1, 2012	<u>35,313,036</u>
CASH, CASH EQUIVALENTS AND INVESTMENTS, September 30, 2013	<u><u>\$ 26,089,825</u></u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
(continued)
For the Year Ended September 30, 2013

RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income	\$ 4,183,136
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Provision for depreciation	2,020,740
Decrease (increase) in assets:	
Accounts receivable	(202,583)
Prepaid expenses	(49,496)
Due from other funds	(276,197)
Due from other sources	(1,070,396)
Increase (decrease) in liabilities:	
Accounts payable	(152,766)
Accrued liabilities	(50,116)
Due to developer	1,001,228
Customer deposits	22,966
Net OPEB liability	59,832
Compensated absences	(32,641)
Total adjustments	1,270,571
Net cash provided by (used in) operating activities	\$ 5,453,707

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, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity:

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

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

In the government-wide statement of net position, 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 position 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 position, 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, 2013

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.

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

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.

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

The District reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is an proprietary 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, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and budgetary accounting:

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

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

Encumbrances:

The District does not utilize encumbrance accounting.

Cash equivalents:

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

Investments:

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

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.

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.

Due to/from other funds:

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

Capital assets:

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

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred outflows/inflows of resources:

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Net position:

Net position is classified in three categories. The general meaning of each is as follows:

- a. Net investment in capital assets - 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 - consists of net position 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 - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance:

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund.

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

Property tax calendar (assessments):

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

Current Fiscal Year:

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

Use of estimates:

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

Date of management review:

Subsequent events were evaluated by management through April 15, 2014, which is the date the financial statements were available for issuance.

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

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, 2013, all 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 \$ 7,450,666 and the bank balance was \$ 7,743,823. In addition, the District had \$ 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 proprietary fund are governed by Bond Indentures.

Investments as of September 30, 2013 were as follows:

<u>Investment</u>	<u>Reported Amount - Fair Value or Amortized Cost</u>	<u>Maturity</u>
Money Market Mutual Funds	\$ 28,048,685	
State Board of Administration:		
Fund B	175,758	Weighted average life is 4.04 years
Prime Fund	<u>80,675</u>	Weighted average life is 44 days
 Total	 \$ <u><u>28,305,118</u></u>	

These deposits and investments are reflected in the accompanying statement of net position as cash, cash equivalents and investments of \$ 35,756,084.

Credit risk:

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

Interest rate risk:

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

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments are subject to custodial credit risk.

Restricted cash and investments:

The governmental funds maintain investments restricted for the following purposes:

Bond proceeds for capital outlay	\$	3,197,543
Future debt service		<u>5,531,156</u>
 Total restricted cash, cash equivalents and investments	 \$	 <u><u>8,728,699</u></u>

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$	12,946,132
Future debt service		5,098,198
Renewal and replacement of capital assets		<u>1,275,656</u>
 Total restricted cash, cash equivalents and investments	 \$	 <u><u>19,319,986</u></u>

NOTE 4 - CAPITAL ASSETS

The following is a schedule of changes in capital assets during the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Transfers	Balance September 30, 2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,243,726	\$ -	\$ -	\$ 12,243,726
Construction in progress	<u>49,000</u>	<u>105,319</u>	<u>(94,000)</u>	<u>60,319</u>
 Total capital assets, not depreciated	 <u>12,292,726</u>	 <u>105,319</u>	 <u>(94,000)</u>	 <u>12,304,045</u>
 Capital assets, being depreciated:				
Infrastructure	138,235,619	-	94,000	138,329,619
Buildings and improvements	3,618,942	-	-	3,618,942
Machinery and equipment	<u>690,010</u>	<u>-</u>	<u>-</u>	<u>690,010</u>
 Total capital assets, being depreciated	 <u>142,544,571</u>	 <u>-</u>	 <u>94,000</u>	 <u>142,638,571</u>

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 - CAPITAL ASSETS (continued)

	Balance October 1, 2012	Additions	Transfers	Balance September 30, 2013
Less accumulated depreciation for:				
Infrastructure	42,289,851	126,432	-	42,416,283
Buildings and improvements	1,287,948	3,302,012	-	4,589,960
Machinery and equipment	357,131	72,477	-	429,608
Total accumulated depreciation	<u>43,934,930</u>	<u>3,500,921</u>	<u>-</u>	<u>47,435,851</u>
Total capital assets depreciated, net	<u>98,609,641</u>	<u>(3,500,921)</u>	<u>94,000</u>	<u>95,202,720</u>
Governmental activities capital assets, net	<u>\$ 110,902,367</u>	<u>\$ (3,395,602)</u>	<u>\$ -</u>	<u>\$ 107,506,765</u>

Provision for depreciation was charged to the following functions:

Governmental activities	<u>\$ 3,500,921</u>
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The following is a summary of changes in the Water and Sewer Fund fixed assets for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Transfers	Balance September 30, 2013
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,770,294	\$ -	\$ -	\$ 2,770,294
Easements	82,785	-	-	82,785
Construction in progress	12,626,918	13,320,229	(2,486,757)	23,460,390
Total capital assets, not depreciated	<u>15,479,997</u>	<u>13,320,229</u>	<u>(2,486,757)</u>	<u>26,313,469</u>
Capital assets, being depreciated:				
Building improvements	351,547	-	-	351,547
Infrastructure	71,925,723	-	2,300,017	74,225,740
Equipment	1,640,311	108,250	186,740	1,935,301
Meters in the field	521,461	-	-	521,461
Total capital assets, being depreciated	<u>74,439,042</u>	<u>108,250</u>	<u>2,486,757</u>	<u>77,034,049</u>

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 - CAPITAL ASSETS (continued)

	Balance October 1, 2012	Additions	Transfers	Balance September 30, 2013
Less accumulated depreciation for:				
Building improvements	4,303	17,577	-	21,880
Infrastructure	25,998,320	1,838,330	-	27,836,650
Equipment	780,430	147,390	-	927,820
Meters in the field	456,370	17,443	-	473,813
	<u>27,239,423</u>	<u>2,020,740</u>	<u>-</u>	<u>29,260,163</u>
Total accumulated depreciation				
Total capital assets depreciated, net	<u>47,199,619</u>	<u>(1,912,490)</u>	<u>2,486,757</u>	<u>47,773,886</u>
Business-type activities capital assets	<u>\$ 62,679,616</u>	<u>\$ 11,407,739</u>	<u>\$ -</u>	<u>\$ 74,087,355</u>

Depreciation expense is charged to the following functions:

Business-type activities	\$ <u>2,020,740</u>
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The District has awarded various construction contracts in the proprietary fund. As of September 30, 2013, commitments on uncompleted construction contracts totaled \$ 9,127,400.

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, 2013:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013	Due Within One Year
Water management bonds	\$ 15,830,000	\$ -	\$ 675,000	\$ 15,155,000	\$ 705,000
Special assessment bonds	<u>32,955,000</u>	<u>3,175,000</u>	<u>6,500,000</u>	<u>29,630,000</u>	<u>3,130,000</u>
	<u>\$ 48,785,000</u>	<u>\$ 3,175,000</u>	<u>\$ 7,175,000</u>	<u>\$ 44,785,000</u>	<u>\$ 3,835,000</u>

Water Management Bonds payable at September 30, 2013 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 \$ 140,000. The bonds are secured primarily from special assessments levied by the District.	\$ 2,045,000
\$ 6,365,000 Series 2005B Water Management Bonds, principal is due annually through May 2035. Interest at 5.5% is due in May and November each year. Current portion is \$ 55,000. The bonds are secured primarily from special assessments levied by the District.	6,045,000

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 5 - LONG-TERM DEBT (continued)

\$ 8,465,000 Series 2010 Water Management Bonds, principal is due annually through May 2024. Interest at 4.39% is due in May and November. Current portion is \$ 510,000. The bonds are secured primarily from special assessments levied by the District.

7,065,000

\$ 15,155,000

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

Year Ending September 30,	Principal	Interest	Total
2014	\$ 705,000	\$ 756,855	\$ 1,461,855
2015	740,000	723,606	1,463,606
2016	775,000	689,432	1,464,432
2017	810,000	652,089	1,462,089
2018	855,000	613,830	1,468,830
2019-2023	4,910,000	2,425,508	7,335,508
2024-2028	2,675,000	1,370,310	4,045,310
2029-2033	2,485,000	754,602	3,239,602
2034	1,200,000	99,826	1,299,826
Total	\$ <u>15,155,000</u>	\$ <u>8,086,058</u>	\$ <u>23,241,058</u>

Special Assessment Bonds payable at September 30, 2013 are comprised of the following:

\$ 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 \$ 850,000. The bonds are secured primarily from special assessments levied by the District.

15,685,000

\$ 4,730,000 Series 2005A-2 Special Assessment Bonds, principal is due annually through May 2026. Interest at 5.5% is due in May and November. Current portion is \$ 185,000. The bonds are secured primarily from special assessments levied by the District.

3,400,000

\$ 6,930,000 Series 2006A Special Assessment Bonds, principal is due in annually through May 2027. Interest at 5.2% is due in May and November. Current portion is \$ 275,000. The bonds are secured primarily from special assessments levied by the District.

5,495,000

\$ 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 \$ 1,230,000. The bonds are secured primarily from special assessments levied by the District.

1,230,000

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 5 - LONG-TERM DEBT (continued)

\$ 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 \$ 150,000. The bonds are secured primarily from special assessments levied by the District. 1,020,000

\$ 3,175,000 Series 2012 Special Assessment Refunding Bonds, principal is due annually through May 2019. Interest at 2.32% is due in May and November. Current portion is \$ 440,000. The bonds are secured primarily from special assessments levied by the District. 2,800,000

\$ 29,630,000

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

Year Ending September 30,	Principal	Interest	Total
2014	\$ 3,130,000	\$ 1,500,570	\$ 4,630,570
2015	1,995,000	1,351,219	3,346,219
2016	2,085,000	1,258,713	3,343,713
2017	2,190,000	1,161,513	3,351,513
2018	2,290,000	1,059,112	3,349,112
2019-2023	10,275,000	3,696,798	13,971,798
2024-2027	<u>7,665,000</u>	<u>896,470</u>	<u>8,561,470</u>
Total	\$ <u>29,630,000</u>	\$ <u>10,924,395</u>	\$ <u>40,554,395</u>

Summary of significant bond covenants:

The following is a schedule of required reserve deposits as of September 30, 2013:

	Reserve Requirement	Reserve Balance
Series 2005A/B Water Management Bond	317,844	317,844
Series 2005A-1 Special Assessment Bond	1,289,307	1,356,446
Series 2005A-2 Special Assessment Bond	281,860	296,895
Series 2006A Special Assessment Bond	443,941	465,009
Series 2006B Special Assessment Bond	23,811	30,721
Series 2009 Special Assessment Bond	19,843	19,844
Series 2010 Water Management Bond	81,528	81,528
Series 2012 Special Assessment Bond	251,055	251,083

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

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, 2013:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013	Due Within One Year
Water and sewer revenue and refunding bonds	\$ 50,065,000	\$ -	\$ 1,585,000	\$ 48,480,000	\$ 1,275,000
Total bonds payable	<u>\$ 50,065,000</u>	<u>\$ -</u>	<u>\$ 1,585,000</u>	<u>\$ 48,480,000</u>	<u>\$ 1,275,000</u>

Water and Sewer Revenue Bonds payable at September 30, 2013 are comprised of the following:

\$ 50,065,000 Series 2011 Water and Sewer Refunding Revenue Bonds, due in annual principal installments beginning in October 2012 through October 2031. Interest at 3.23% is due in April and October. Current portion is \$ 1,275,000. 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.

\$ 48,480,000

\$ 48,480,000

The annual requirements to amortize the principal and interest of Proprietary Fund Bonds payable as of September 30, 2013 are as follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 1,275,000	\$ 1,566,832	\$ 2,841,832
2015	1,300,000	1,524,670	2,824,670
2016	1,525,000	1,482,405	3,007,405
2017	2,160,000	1,418,112	3,578,112
2018	2,235,000	1,346,150	3,581,150
2019-2023	12,285,000	5,570,737	17,855,737
2024-2028	14,410,000	3,390,125	17,800,125
2029-2032	<u>13,290,000</u>	<u>888,247</u>	<u>14,178,247</u>
Total	<u>\$ 48,480,000</u>	<u>\$ 17,187,278</u>	<u>\$ 65,667,278</u>

At September 30, 2013, the above Series 2011 Water and Sewer Refunding Revenue Bonds has a reserve balance requirement of \$ 1,799,353 which was met.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 - INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2013 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 137,296	\$ 483,737
210 Debt Service	-	3,771
211 Debt Service	-	4,170
	<u>137,296</u>	<u>491,678</u>
Totals	\$ <u>137,296</u>	\$ <u>491,678</u>
Enterprise funds:		
Water and Sewer Fund	\$ 354,382	\$ -
	<u>354,382</u>	<u>-</u>
Totals	\$ <u>354,382</u>	\$ <u>-</u>

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

Interfund transfers during the year were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental funds:		
General Fund	\$ 23,997	\$ -
204 Debt Service Fund	2,701,972	549,071
208 Debt Service Fund	-	4,425
209 Debt Service Fund	-	19,607
212 Debt Service Fund	549,058	2,701,972
309 Debt Service Fund	48	-
	<u>3,275,075</u>	<u>3,275,075</u>
Totals	\$ <u>3,275,075</u>	\$ <u>3,275,075</u>

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

NOTE 7 - COMPENSATED ABSENCES PAYABLE

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

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 7 - COMPENSATED ABSENCES PAYABLE (continued)

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

	Balance October 1, 2012	Increase (Decrease)	Balance September 30, 2013	Due Within One Year
Compensated absences	\$ <u>69,655</u>	\$ <u>(23,264)</u>	\$ <u>46,391</u>	\$ <u>4,639</u>
Total	\$ <u><u>69,655</u></u>	\$ <u><u>(23,264)</u></u>	\$ <u><u>46,391</u></u>	\$ <u><u>4,639</u></u>

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

	Balance October 1, 2012	Increase (Decrease)	Balance September 30, 2013	Due Within One Year
Compensated absences	\$ <u>91,622</u>	\$ <u>(32,641)</u>	\$ <u>58,981</u>	\$ <u>5,898</u>
Total	\$ <u><u>91,622</u></u>	\$ <u><u>(32,641)</u></u>	\$ <u><u>58,981</u></u>	\$ <u><u>5,898</u></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 9% of the total salaries of qualified participants. Total salaries of the qualified participants for the year ending September 30, 2013 were approximately \$ 2,321,500. 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 approximately \$ 208,900.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Funding Policy

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

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

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

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

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	\$ -
Annual required contribution	100,000
Interest on net OPEB obligation	8,000
Adjustment to annual required contribution	<u>(18,000)</u>
Annual OPEB cost	90,000
Contributions made (credit for implied subsidy)	<u>(7,000)</u>
Increase in net OPEB obligation	83,000
Net OPEB obligation - beginning of year	204,000
Net OPEB obligation - end of year	<u><u>\$ 287,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the increase in net OPEB obligation for the fiscal year ended September 30, 2013 was:

Annual OPEB cost	\$ 90,000
Percentage of OPEB cost contributed	<u>8%</u>
Increase in the Net OPEB obligation	<u><u>\$ 83,000</u></u>

Funded Status and Funding Progress

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

Actuarial value of plan assets	\$ -
Actuarial accrued liability	<u>460,000</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 460,000</u>
Funded ratio	0%
Covered payroll	<u><u>\$ 2,147,000</u></u>
UAAL as a percentage of covered payroll	21.4%

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Actuarial Methods and Assumptions

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

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

*Includes inflation at 2.75% per annum

NOTE 10 - RISK MANAGEMENT

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

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

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 11 – SUBSEQUENT EVENT

In February 2014, the District issued the following bonds:

- \$ 6,330,000 Series 2014A-1 Special Assessment Bonds, with interest rates ranging from 6.000% to 6.250% through maturity on May 1, 2034.
- \$ 7,770,000 Series 2014A-2 Water Management Bonds, with an interest rate of 6.500% through maturity on May 1, 2044.
- \$ 4,765,000 Series 2014B-1 Special Assessment Bonds, with interest rates ranging from 6.125% to 6.375% through maturity on May 1, 2034.
- \$ 6,010,000 Series 2014B-2 Water Management Bonds with an interest rate of 6.625% through maturity on May 1, 2044.

The proceeds from these bonds were used for the acquisition, construction and equipping of Assessment Area A and the Wedge – Area B.

NOTE 12 – RESTATEMENT OF BEGINNING NET POSITION

For the year ended September 30, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This resulted in a decrease to the beginning net position on the statement of activities of \$ 882,694 for the governmental activities and \$ 771,158 for business-type activities to remove bond issuance costs in accordance with GASB 65. The beginning net position on the statement of revenues, expenses and changes in net position – proprietary fund was also decreased by \$ 771,158 in accordance with GASB 65.

**REQUIRED SUPPLEMENTARY
INFORMATION**

NORTH SPRINGS IMPROVEMENT DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
 September 30, 2013

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

* Year of GASB Statement No. 45 implementation.

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

OTHER FINANCIAL INFORMATION

NORTH SPRINGS IMPROVEMENT DISTRICT

Nonmajor Governmental Funds Overview

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.

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

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

2012 Debt Service Fund (212 Debt Service) – The 2012 Debt Service Fund accounted for debt service requirements for the District’s Outstanding Special Assessment Bonds, Series 2012.

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.

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.

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

NORTH SPRINGS IMPROVEMENT DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	<u>206</u> <u>Debt</u> <u>Service</u>	<u>208</u> <u>Debt</u> <u>Service</u>	<u>210</u> <u>Debt</u> <u>Service</u>	<u>211</u> <u>Debt</u> <u>Service</u>
ASSETS:				
Accounts receivable	\$ 4	\$ 2	\$ -	\$ -
Restricted assets:				
Investments at fair value	<u>730,311</u>	<u>438,207</u>	<u>51,143</u>	<u>444,138</u>
Total assets	<u>\$ 730,315</u>	<u>\$ 438,209</u>	<u>\$ 51,143</u>	<u>\$ 444,138</u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Contracts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>3,771</u>	<u>4,170</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,771</u>	<u>4,170</u>
Fund balances:				
Restricted for:				
Debt service	730,315	438,209	47,372	439,968
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>730,315</u>	<u>438,209</u>	<u>47,372</u>	<u>439,968</u>
Total liabilities and fund balances	<u>\$ 730,315</u>	<u>\$ 438,209</u>	<u>\$ 51,143</u>	<u>\$ 444,138</u>

<u>212 Debt Service</u>	<u>306 Capital Projects</u>	<u>307 Capital Projects</u>	<u>309 Capital Projects</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ 15	\$ 1	\$ 22
<u>621,976</u>	<u>68,209</u>	<u>2,986,611</u>	<u>142,723</u>	<u>5,483,318</u>
<u><u>\$ 621,976</u></u>	<u><u>\$ 68,209</u></u>	<u><u>\$ 2,986,626</u></u>	<u><u>\$ 142,724</u></u>	<u><u>\$ 5,483,340</u></u>
\$ -	\$ -	\$ 1,536	\$ 10,353	\$ 11,889
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,941</u>
<u>-</u>	<u>-</u>	<u>1,536</u>	<u>10,353</u>	<u>19,830</u>
<u>621,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,277,840</u>
<u>-</u>	<u>68,209</u>	<u>2,985,090</u>	<u>132,371</u>	<u>3,185,670</u>
<u>621,976</u>	<u>68,209</u>	<u>2,985,090</u>	<u>132,371</u>	<u>5,463,510</u>
<u><u>\$ 621,976</u></u>	<u><u>\$ 68,209</u></u>	<u><u>\$ 2,986,626</u></u>	<u><u>\$ 142,724</u></u>	<u><u>\$ 5,483,340</u></u>

NORTH SPRINGS IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	<u>206</u> <u>Debt</u> <u>Service</u>	<u>208</u> <u>Debt</u> <u>Service</u>	<u>210</u> <u>Debt</u> <u>Service</u>	<u>211</u> <u>Debt</u> <u>Service</u>
REVENUES:				
Special assessments	\$ 645,378	\$ 403,230	\$ 199,524	\$ 848,272
Interest income	<u>129</u>	<u>83</u>	<u>16</u>	<u>98</u>
Total revenues	<u>645,507</u>	<u>403,313</u>	<u>199,540</u>	<u>848,370</u>
 EXPENDITURES:				
Debt service:				
Principal	185,000	200,000	145,000	490,000
Interest	452,406	197,588	53,153	336,271
Bond issuance costs and other fiscal charges	4,233	8,327	3,771	4,471
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>641,639</u>	<u>405,915</u>	<u>201,924</u>	<u>830,742</u>
Excess of revenues over (under) expenditures	3,868	(2,602)	(2,384)	17,628
 OTHER FINANCING				
SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	(4,425)	-	-
Refunding bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(4,425)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	3,868	(7,027)	(2,384)	17,628
 FUND BALANCES,				
October 1, 2012	<u>726,447</u>	<u>445,236</u>	<u>49,756</u>	<u>422,340</u>
 FUND BALANCES,				
September 30, 2013	<u>\$ 730,315</u>	<u>\$ 438,209</u>	<u>\$ 47,372</u>	<u>\$ 439,968</u>

<u>212 Debt Service</u>	<u>306 Capital Projects</u>	<u>307 Capital Projects</u>	<u>309 Capital Projects</u>	<u>Total Other Governmental Funds</u>
\$ 104,127	\$ -	\$ -	\$ -	\$ 2,200,531
72	11	493	65	967
104,199	11	493	65	2,201,498
375,000	-	-	-	1,395,000
27,009	-	-	-	1,066,427
102,300	-	-	-	123,102
-	-	12,074	98,084	110,158
504,309	-	12,074	98,084	2,694,687
(400,110)	11	(11,581)	(98,019)	(493,189)
549,058	-	-	48	549,106
(2,701,972)	-	-	-	(2,706,397)
3,175,000	-	-	-	3,175,000
1,022,086	-	-	48	1,017,709
621,976	11	(11,581)	(97,971)	524,520
-	68,198	2,996,671	230,342	4,938,990
\$ 621,976	\$ 68,209	\$ 2,985,090	\$ 132,371	\$ 5,463,510

**OTHER REPORTS OF
INDEPENDENT AUDITORS**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the governmental activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 15, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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*.

Purpose of this Report

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 15, 2014



INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

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

We have audited the financial statements of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2013, and have issued our report thereon dated April 15, 2014.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards*. Disclosures in that report, which are dated April 15, 2014, should be considered in conjunction with this management letter.

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

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

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

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

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

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. North Springs Improvement District was established under the laws of the State of Florida in Chapter 70-617, as amended. The District does not have any component units.

North Springs Improvement District

Section 10.554(1)(i)6.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)6.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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.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 Section 215.985(11), *Florida Statutes*, and Section 10.554(1)(i)9, the District provided monthly statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site. In connection with our audit, we determined that North Springs Improvement District complied with the Florida Statutes.

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 15, 2014