

**NORTH SPRINGS
IMPROVEMENT DISTRICT
BASIC FINANCIAL STATEMENTS**

September 30, 2011



NORTH SPRINGS IMPROVEMENT DISTRICT
BASIC FINANCIAL STATEMENTS
September 30, 2011

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BASIC FINANCIAL STATEMENTS





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District") as of and for the year ended September 30, 2011, which collectively comprises the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District, as of September 30, 2011, and the respective changes in financial position and the cash flows where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress - Other Post-employment Benefits Plan on pages 3 through 7 and page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 23, 2012

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011**

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

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended September 30, 2011:

- The District's total assets exceeded total liabilities by \$ 119,256,859 (net assets). Unrestricted net assets for governmental activities were \$ (761,714). Unrestricted business-type activities were \$ 6,424,582.
- Governmental activities revenues totaled \$ 9,550,826 while governmental activities expenses totaled \$ 8,798,129. Business-type revenues totaled \$ 10,670,653, including interest income and unrealized gains on investments totaling \$ 66,980. Business-type expenses totaled \$ 9,575,919.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

Notes to the Basic Financial Statements

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

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net assets as of September 30, 2011 and 2010:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
CURRENT AND OTHER ASSETS	\$ 2,154,571	\$ 2,349,457	\$ 8,545,297	\$ 13,917,326	\$ 10,699,868	\$ 16,266,783
RESTRICTED ASSETS	13,273,447	17,068,405	4,777,731	6,317,468	18,051,178	23,385,873
CAPITAL ASSETS (NET)	<u>112,132,957</u>	<u>110,589,979</u>	<u>54,219,425</u>	<u>50,070,537</u>	<u>166,352,382</u>	<u>160,660,516</u>
Total assets	<u>127,560,975</u>	<u>130,007,841</u>	<u>67,542,453</u>	<u>70,305,331</u>	<u>195,103,428</u>	<u>200,313,172</u>
CURRENT LIABILITIES	4,516,027	3,743,597	3,147,809	6,027,974	7,663,836	9,771,571
NONCURRENT LIABILITIES	<u>48,707,734</u>	<u>53,014,665</u>	<u>19,474,999</u>	<u>20,452,446</u>	<u>68,182,733</u>	<u>73,467,111</u>
Total liabilities	<u>53,223,761</u>	<u>56,758,262</u>	<u>22,622,808</u>	<u>26,480,420</u>	<u>75,846,569</u>	<u>83,238,682</u>
NET ASSETS						
Invested in capital assets, net of related debt	73,353,188	71,290,036	35,750,503	34,294,169	109,103,691	105,584,205
Restricted	1,745,740	1,606,962	2,744,560	1,458,463	4,490,300	3,065,425
Unrestricted	<u>(761,714)</u>	<u>352,581</u>	<u>6,424,582</u>	<u>8,072,279</u>	<u>5,662,868</u>	<u>8,424,860</u>
Total net assets	<u>\$ 74,337,214</u>	<u>\$ 73,249,579</u>	<u>\$ 44,919,645</u>	<u>\$ 43,824,911</u>	<u>\$ 119,256,859</u>	<u>\$ 117,074,490</u>

Governmental and Business-Type Activities

Governmental activities increased the District's net assets by \$ 752,697, while business-type activities increased the District's net assets by \$ 1,094,734, as reflected in the table below:

**North Springs Improvement District
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
REVENUES:						
Charges for services	\$ -	\$ -	\$ 10,401,427	\$ 8,739,160	\$ 10,401,427	\$ 8,739,160
Taxes:						
Assessments	9,420,422	7,629,364	-	-	9,420,422	7,629,364
Other	<u>122,992</u>	<u>468,606</u>	<u>202,246</u>	<u>2,107,583</u>	<u>325,238</u>	<u>2,576,189</u>
Total revenues	<u>9,543,414</u>	<u>8,097,970</u>	<u>10,603,673</u>	<u>10,846,743</u>	<u>20,147,087</u>	<u>18,944,713</u>
EXPENSES:						
General government	466,914	1,052,242	-	-	466,914	1,052,242
Physical environment	1,917,802	1,043,625	-	-	1,917,802	1,043,625
Water and sewer	-	-	6,472,521	6,702,899	6,472,521	6,702,899
Provisions for depreciation and amortization	3,493,045	3,371,735	2,107,109	1,995,578	5,600,154	5,367,313
Interest expense and other debt service costs	<u>2,920,368</u>	<u>3,208,573</u>	<u>996,289</u>	<u>1,202,602</u>	<u>3,916,657</u>	<u>4,411,175</u>
Total expenses	<u>8,798,129</u>	<u>8,676,175</u>	<u>9,575,919</u>	<u>9,901,079</u>	<u>18,374,048</u>	<u>18,577,254</u>
Change in net assets before other income (expense)	<u>745,285</u>	<u>(578,205)</u>	<u>1,027,754</u>	<u>945,664</u>	<u>1,773,039</u>	<u>367,459</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011**

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

	2011	2010	2011	2010	2011	2010
	Business-Type Activities		Governmental Activities		Total Primary Government	
OTHER INCOME	4,885	17,789	17,738	56,787	22,623	74,576
(EXPENSE):						
Interest income	74,412	24,732	66,980	199,794	74,392	224,526
Total other income	78,297	49,464	123,768	299,588	148,784	449,052
Change in net assets	(553,473)	1,094,734	1,145,458	1,847,431	1,847,431	591,985
NET ASSETS, beginning of the year, as restated (Note 11)	73,584,517	73,803,052	43,824,911	42,679,453	117,409,428	116,482,505
NET ASSETS, end of the year	\$ 74,337,214	\$ 73,249,579	\$ 44,919,645	\$ 43,824,911	\$ 119,256,859	\$ 117,074,490

ANALYSIS OF THE GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 14,478,774.

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, 2011 amounts to \$111,113,460 and \$54,219,425, 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 \$51,033,719 net of deferred losses on early retirements and discounts of \$391,281. The District's business activities had debt outstanding of \$20,502,093 net of deferred losses on early retirement of \$752,907.

Additional information on the District's debt can be found in Note 5 on pages 29 through 32 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 2, 2011, the General Fund budget was amended in order to reallocate certain expenditures in year ended September 30, 2011 as a result of adjustments of revenues and expenses approved during the fiscal year.

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S UTILITY RATES

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of North Springs Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the North Springs Improvement District, 10300 N.W. 11th Manor, Coral Springs, Florida 33071.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
September 30, 2011

Governmental Activities	Business-Type Activities	Total
\$ 2,235,809	\$ 6,863,998	\$ 9,099,807
20,274	-	20,274
20,100	26,248	46,348
-	1,241,948	1,241,948
(121,612)	121,612	-
2,154,571	8,253,806	10,408,377
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents		
13,273,447	4,777,731	18,051,178
Bond issuance costs, net		
1,019,497	291,491	1,310,988
Capital assets not being depreciated:		
Land and improvements		
12,121,112	2,770,294	14,891,406
Construction in progress		
2,651,112	3,918,312	6,569,424
Easements		
-	82,785	82,785
Capital assets being depreciated:		
Buildings and improvements		
3,270,884	9,751	3,280,635
Infrastructure		
133,005,872	70,892,840	203,898,712
Equipment		
592,628	1,860,521	2,453,149
Less accumulated depreciation		
(40,528,148)	(25,315,078)	(65,843,226)
125,406,404	59,288,647	184,695,051
Total noncurrent assets		
127,560,975	67,542,453	195,103,428
LIABILITIES:		
Current liabilities:		
Accounts payable		
104,528	409,899	514,427
Accrued liabilities		
3,522	220,877	224,399
Contracts payable		
791,154	267,537	1,058,691
Customer deposits		
50,040	571,935	621,975
Accrued interest		
1,151,866	474,322	1,626,188
Bonds payable		
2,405,000	1,195,000	3,600,000
Compensated absences payable		
9,917	8,239	18,156
4,516,027	3,147,809	7,663,836
Total current liabilities		

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
(continued)
September 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Noncurrent liabilities:			
Compensated absences payable	53,329	70,592	123,921
Net OPEB obligation	25,686	97,314	123,000
Bonds payable	<u>48,628,719</u>	<u>19,307,093</u>	<u>67,935,812</u>
Total noncurrent liabilities	<u>48,707,734</u>	<u>19,474,999</u>	<u>68,182,733</u>
Total liabilities	<u>53,223,761</u>	<u>22,622,808</u>	<u>75,846,569</u>
NET ASSETS:			
Invested in capital assets, net of related debt	73,353,188	35,750,503	109,103,691
Restricted for:			
Renewal and replacement	-	1,075,229	1,075,229
Debt service	1,745,740	1,669,331	3,415,071
Unrestricted	<u>(761,714)</u>	<u>6,424,582</u>	<u>5,662,868</u>
Total net assets	<u>\$ 74,337,214</u>	<u>\$ 44,919,645</u>	<u>\$ 119,256,859</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, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Capital Grants and Donations	Governmental Activities	Business-Type Activities	Total	
FUNCTIONS/PROGRAMS:						
Governmental activities:						
General government	\$ 466,914	\$ -	\$ (466,914)	\$ -	\$ (466,914)	
Physical environment	1,917,802	-	(1,917,802)	-	(1,917,802)	
Provision for depreciation and amortization	3,493,045	-	(3,493,045)	-	(3,493,045)	
Interest expense and other debt service costs	2,920,368	-	(2,920,368)	-	(2,920,368)	
Total governmental activities	<u>8,798,129</u>	<u>-</u>	<u>(8,798,129)</u>	<u>-</u>	<u>(8,798,129)</u>	
Business-type activities:						
Personnel services	2,076,850	23,353	-	(2,053,497)	(2,053,497)	
Materials, supplies and services	4,395,671	10,378,074	-	5,982,403	5,982,403	
Provision for depreciation and amortization	2,107,109	-	-	(2,107,109)	(2,107,109)	
Interest expense	996,289	-	-	(996,289)	(996,289)	
Total business-type activities	<u>9,575,919</u>	<u>10,401,427</u>	<u>-</u>	<u>825,508</u>	<u>825,508</u>	
Total primary government	<u>\$ 18,374,048</u>	<u>\$ 10,401,427</u>	<u>\$ -</u>	<u>825,508</u>	<u>(7,972,621)</u>	
General revenues:						
Special assessments			9,420,422	-	9,420,422	
Investment earnings			4,885	17,738	22,623	
Miscellaneous			122,992	202,246	325,238	
Unrealized gain on investments			2,527	49,242	51,769	
Total general revenues			<u>9,550,826</u>	<u>269,226</u>	<u>9,820,052</u>	
Change in net assets			752,697	1,094,734	1,847,431	
Net assets, October 1, 2010, as restated (Note 11)			<u>73,584,517</u>	<u>43,824,911</u>	<u>117,409,428</u>	
Net assets, September 30, 2011			<u>\$ 74,337,214</u>	<u>\$ 44,919,645</u>	<u>\$ 119,256,859</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, 2011

	General	207 Debt Service	307 Capital Projects	309 Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 2,235,809	\$ -	\$ -	\$ -	\$ -	\$ 2,235,809
Prepaid expenditures	20,100	-	-	-	-	20,100
Due from other funds	82,796	4,080	-	-	6,763	93,639
Assessments receivable	20,274	-	-	-	-	20,274
Restricted assets:						
Investments at fair value	-	2,430,281	5,473,672	1,171,781	4,197,713	13,273,447
Total assets	\$ 2,358,979	\$ 2,434,361	\$ 5,473,672	\$ 1,171,781	\$ 4,204,476	\$ 15,643,269
LIABILITIES AND FUND BALANCES:						
Accounts payable	\$ 96,528	\$ 1,000	\$ -	\$ -	\$ 7,000	\$ 104,528
Accrued liabilities	3,522	-	-	-	-	3,522
Customer deposits	50,040	-	-	-	-	50,040
Due to other funds	215,251	-	-	-	-	215,251
Contracts payable	-	-	527,263	263,891	-	791,154
Total liabilities	365,341	1,000	527,263	263,891	7,000	1,164,495
Fund balances:						
Nonspendable:						
Prepaid expenditures	20,100	-	-	-	-	20,100
Restricted for:						
Debt service	-	2,433,361	-	-	3,586,230	6,019,591
Capital projects	-	-	4,946,409	907,890	611,246	6,465,545
Assigned to:						
First quarter operating reserves	520,000	-	-	-	-	520,000
Projects and emergencies	750,000	-	-	-	-	750,000
Unassigned	703,538	-	-	-	-	703,538
Total fund balances	1,993,638	2,433,361	4,946,409	907,890	4,197,476	14,478,774
Total liabilities and fund balances	\$ 2,358,979	\$ 2,434,361	\$ 5,473,672	\$ 1,171,781	\$ 4,204,476	\$ 15,643,269

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
 September 30, 2011

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

Total fund balance of the governmental fund in the
 balance sheet, page 11

\$ 14,478,774

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

\$ 12,121,112
2,651,112

14,772,224

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

133,005,872
 3,270,884
 592,628
(40,528,148)

96,341,236

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

1,657,474
(637,977)

1,019,497

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

(51,425,000)
 391,281
 (1,151,866)
 (25,686)
(63,246)

(52,274,517)

NET ASSETS OF GOVERNMENTAL ACTIVITIES,

PAGE 10

\$ 74,337,214

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, 2011

	207 Debt Service	307 Capital Projects	309 Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Special assessments	\$ 2,228,385	\$ -	\$ -	\$ 3,910,364	\$ 9,420,422
Permit fees	7,850	-	-	-	7,850
Interest income	4,885	-	-	-	4,885
Contract personnel fees	27,000	-	-	-	27,000
Unrealized gain on investments	2,527	-	-	-	2,527
Miscellaneous revenues	88,142	-	-	-	88,142
Total revenues	<u>3,281,673</u>	<u>-</u>	<u>-</u>	<u>3,910,364</u>	<u>9,550,826</u>
EXPENDITURES:					
Current:					
General government:					
Personal services	129,712	-	-	-	129,712
Operating	332,231	-	-	-	332,231
Physical environment:					
Personal services	727,769	-	-	-	727,769
Operating	1,124,926	-	-	-	1,124,926
Capital outlay	296,707	2,118,507	2,338,121	-	4,753,335
Debt service:					
Principal	-	2,275,000	-	1,980,000	4,255,000
Interest	-	1,047,754	-	1,908,187	2,955,941
Other	-	13,327	-	41,028	54,355
Total expenditures	<u>2,611,345</u>	<u>2,118,507</u>	<u>2,338,121</u>	<u>3,929,215</u>	<u>14,333,269</u>
Net change in fund balances	<u>(252,556)</u>	<u>(2,118,507)</u>	<u>(2,338,121)</u>	<u>(18,851)</u>	<u>(4,782,443)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	22,189	-	-	54,727	76,916
Operating transfers out	-	(17,764)	-	(59,152)	(76,916)
Total other financing sources (uses)	<u>22,189</u>	<u>(17,764)</u>	<u>-</u>	<u>(4,425)</u>	<u>-</u>
Net change in fund balances	<u>(230,367)</u>	<u>(2,118,507)</u>	<u>(2,338,121)</u>	<u>(23,276)</u>	<u>(4,782,443)</u>
FUND BALANCES, October 1, 2010, as restated, (Note 11)	2,224,005	7,064,916	3,246,011	4,220,752	19,261,217
FUND BALANCES, September 30, 2011	<u>\$ 1,993,638</u>	<u>\$ 2,433,361</u>	<u>\$ 907,890</u>	<u>\$ 4,197,476</u>	<u>\$ 14,478,774</u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
 For the Year Ended September 30, 2011

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

Net change in fund balance - total governmental fund, page 13 \$ (4,782,443)

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	\$ 4,706,941
	Current year depreciation	<u>(3,340,751)</u>
		1,366,190

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

	Principal payments	4,255,000
	Amortization of bond issuance costs and discounts	<u>(152,294)</u>
		4,102,706

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

Net effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual).
 Net OPEB obligation
 Compensated absences

	89,928	(13,981)
	<u>(9,703)</u>	
		66,244

CHANGE IN NET ASSETS OF GOVERNMENTAL
 ACTIVITIES, PAGE 10

\$ 752,697

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 2,189,653	\$ 2,202,144	\$ 2,228,385	\$ 26,241
Investment earnings	-	121	4,885	4,764
Contract personnel fees	-	-	27,000	27,000
Permit fees	2,000	2,000	7,850	5,850
Other revenues	125,000	190,000	88,142	(101,858)
Unrealized gain on investments	-	-	2,527	2,527
	<u>2,316,653</u>	<u>2,394,265</u>	<u>2,358,789</u>	<u>(35,476)</u>
Total revenues				
EXPENDITURES:				
Current:				
General government:				
Personal	153,532	153,532	129,712	23,820
Operating	845,850	329,923	332,231	(2,308)
Physical environment:				
Personal	434,987	731,987	727,769	4,218
Operating	696,787	1,063,455	1,124,926	(61,471)
Capital outlay	-	225,000	296,707	(71,707)
	<u>2,131,156</u>	<u>2,503,897</u>	<u>2,611,345</u>	<u>(107,448)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	185,497	(109,632)	(252,556)	(142,924)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	22,189	(22,189)
Appropriation of prior years' fund balance	-	295,129	-	295,129
Reserved for first quarter operating	(185,497)	(185,497)	-	(185,497)
	<u>(185,497)</u>	<u>109,632</u>	<u>22,189</u>	<u>87,443</u>
Total other financing sources (uses)				
Net change in fund balance	-	-	(230,367)	(230,367)
FUND BALANCE,				
October 1, 2010, as restated, (Note 11)	<u>-</u>	<u>-</u>	<u>2,224,005</u>	<u>2,224,005</u>
FUND BALANCE,				
September 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,993,638</u>	<u>\$ 1,993,638</u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 STATEMENT OF NET ASSETS
 ENTERPRISE FUND
 For the Year Ended September 30, 2011

ASSETS:	
Current assets:	
Cash and cash equivalents	6,863,998
Accounts receivable	1,241,948
Prepaid expenses	26,248
Due from other funds	121,612
Total current assets	8,253,806
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	4,777,731
Bond issuance costs, net	291,491
Capital assets:	
Depreciable (net)	47,448,034
Nondepreciable	6,771,391
Total noncurrent assets	59,288,647
Total assets	\$ 67,542,453
LIABILITIES:	
Current liabilities:	
Accounts payable	409,899
Accrued liabilities	220,877
Contracts payable	267,537
Customer deposits payable from restricted assets	571,935
Accrued interest	474,322
Compensated absences payable	8,239
Bonds payable	1,195,000
Total current liabilities	3,147,809
Noncurrent liabilities:	
Compensated absences payable	70,592
Net OPEB obligation	97,314
Bonds payable	19,307,093
Total noncurrent liabilities	19,474,999
Total liabilities	22,622,808

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
ENTERPRISE FUND
(continued)
For the Year Ended September 30, 2011

NET ASSETS:

Invested in capital assets, net of related debt	35,750,503
Restricted for renewal and replacement	1,075,229
Restricted for debt service	1,669,331
Unrestricted	<u>6,424,582</u>
 Total net assets	 \$ <u>44,919,645</u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 ENTERPRISE FUND
 September 30, 2011

	OPERATING REVENUES:
	Charges for services:
	Water and sewer
	Sewer
	Connection fees
	Miscellaneous fees
	Meter fees
	Contract personnel fees
5,951,734	Total operating revenues
3,629,621	OPERATING EXPENSES:
382,355	Personal services
340,764	Materials, supplies and services
73,600	Provisions for depreciation and amortization
23,353	Total operating expenses
10,401,427	Operating income
2,076,850	NONOPERATING REVENUES (EXPENSES):
4,395,671	Miscellaneous revenues
2,107,109	Unrealized gain on investments
202,246	Interest earnings
49,242	Interest expense
17,738	Total nonoperating revenue (expenses)
(996,289)	Change in net assets
(727,063)	NET ASSETS, October 1, 2010
1,094,734	NET ASSETS, September 30, 2011
43,824,911	
44,919,645	

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

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
September 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 10,299,638
Payments to suppliers for goods and services	(8,504,117)
Payments to employees for services	<u>(1,830,248)</u>
Net cash used in operating activities	<u>(34,727)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from grants and other miscellaneous activities	<u>119,461</u>
Net cash provided by noncapital financing activities	<u>119,461</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(6,000,209)
Bond principal payments	(280,000)
Interest paid	<u>(700,200)</u>
Net cash used by capital and related financing activities	<u>(6,980,409)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	2,309,975
Unrealized gain on investments	49,242
Interest received	<u>21,599</u>
Net cash provided by investing activities	<u>2,380,816</u>
Net decrease in cash and cash equivalents	(4,514,859)
CASH AND CASH EQUIVALENTS, October 1, 2010	<u>16,156,588</u>
CASH AND CASH EQUIVALENTS, September 30, 2011	<u>\$ 11,641,729</u>

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

NORTH SPRINGS IMPROVEMENT DISTRICT

STATEMENT OF CASH FLOWS

ENTERPRISE FUND

(continued)

September 30, 2011

RECONCILIATION OF OPERATING INCOME TO NET
CASH USED IN OPERATING ACTIVITIES:

	Operating income	\$ 1,821,797
	Adjustments to reconcile operating income to net cash used in operating activities:	
	Provision for amortization	173,003
	Provision for depreciation	1,934,106
	Decrease (increase) in assets:	
	Increase in accounts receivable	(105,552)
	Decrease in prepaid expenses	67,642
	Decrease in due from other funds	98,559
	Increase (decrease) in liabilities:	
	Increase in accounts payable	52,130
	Increase in accrued liabilities	178,948
	Increase in contracts payable	73,223
	Increase in customer deposits	3,763
	Decrease in due to developer	(4,400,000)
	Increase in net OPEB liability	48,019
	Increase in compensated absences	19,635
	Total adjustments	(1,856,524)
	Net cash used in operating activities	\$ (34,727)

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, 2011

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 laws, respectively. The District was created to undertake a variety of improvements, including the reclamation and drainage of land, to establish roads and highways, to provide access thereto and to provide water and sewage facilities to promote and create favorable conditions for the development of land within the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity:

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

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

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

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

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

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

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District reports the following major governmental funds:

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

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

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

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

The District reports the following major proprietary fund:

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

Measurement focus, basis of accounting, and presentation:

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

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

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

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

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Budgets and budgetary accounting:

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

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

Encumbrances:

The District does not utilize encumbrance accounting.

Prepaid expenses/expenditures:

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

Capital assets:

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

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

Accounts receivable:

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

Due to/from other funds:

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond issuance costs:

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

Cash equivalents:

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

Investments:

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

Equity classifications:

Government-wide statements

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

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

Fund statements

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has a nonspendable fund balance of \$ 20,100 as of September 30, 2011.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

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. The District has a restricted fund balance of \$ 12,485,136 as of September 30, 2011.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance as of September 30, 2011.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has an assigned fund balance of \$ 1,270,000 as of September 30, 2011.

Unassigned: This classification includes the residual fund balance for the General Fund. The District has an unassigned fund balance of \$ 703,538 as of September 30, 2011.

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.

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.

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of management review:

Subsequent events were evaluated through April 23, 2012, which is the date the financial statements were available for issuance.

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, 2011, all non-interest bearing deposits are fully insured by the FDIC and interest bearing deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits was \$ 7,584,494 and the bank balance was \$ 7,360,275. In addition, the District had \$ 10,300 in petty cash.

Investments:

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

Investments as of September 30, 2011 were as follows:

Investment	Reported Amount - Fair Value or Amortized Cost	Maturity
Money Market Mutual Funds State Board of Administration: Fund B	\$ 19,212,805	Weighted average life is 4.82 years
Total	\$ 19,556,191	

These deposits and investments are reflected in the accompanying statement of net assets as cash and cash equivalents of \$ 27,150,985.

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.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Interest rate risk:

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

Custodial credit risk:

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

Restricted cash and investments:

The governmental funds maintain investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 6,839,920
Future debt service	<u>6,433,527</u>
Total restricted cash and cash equivalents	<u>\$ 13,273,447</u>

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 1,636,513
Future debt service	2,065,989
Renewal and replacement of capital assets	<u>1,075,229</u>
Total restricted cash and cash equivalents	<u>\$ 4,777,731</u>

NOTE 4 - CAPITAL ASSETS

The following is a schedule of changes in capital assets during the year ended September 30, 2011:

	Balance October 1, 2010	Additions	Transfers	Balance September 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,121,112	\$ -	\$ -	\$ 12,121,112
Construction in progress	<u>711,209</u>	<u>4,421,746</u>	<u>(2,481,843)</u>	<u>2,651,112</u>
Total capital assets, not depreciated	<u>12,832,321</u>	<u>4,421,746</u>	<u>(2,481,843)</u>	<u>14,772,224</u>

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 - CAPITAL ASSETS (continued)

Balance October 1, 2010	Additions	Transfers	Balance September 30, 2011
130,630,529	-	2,375,343	133,005,872
2,967,664	196,720	106,500	3,270,884
504,153	88,475	-	592,628
134,102,346	285,195	2,481,843	136,869,384
Less accumulated depreciation for:			
35,881,035	3,171,270	-	39,052,305
1,071,656	107,263	-	1,178,919
234,706	62,218	-	296,924
37,187,397	3,340,751	-	40,528,148
96,914,949	(3,055,556)	2,481,843	96,341,236
\$ 109,747,270	\$ 1,366,190	\$ -	\$ 111,113,460
Provision for depreciation was charged to the following functions:			
Governmental activities			
\$ 3,340,751			

The following is a summary of changes in the Water and Sewer Fund fixed assets for the year ended September 30, 2011:

Balance October 1, 2010	Additions	Transfers	Balance September 30, 2011
\$ 181,585	\$ 2,588,709	\$ -	\$ 2,770,294
-	82,785	-	82,785
1,150,656	3,281,180	(513,524)	3,918,312
1,332,241	5,952,674	(513,524)	6,771,391
Capital assets, not being depreciated:			
9,751	-	-	9,751
70,379,316	-	513,524	70,892,840
1,221,039	118,021	-	1,339,060
509,162	12,299	-	521,461
72,119,268	130,320	513,524	72,763,112
Capital assets, being depreciated:			
9,751	-	-	9,751
70,379,316	-	513,524	70,892,840
1,221,039	118,021	-	1,339,060
509,162	12,299	-	521,461
72,119,268	130,320	513,524	72,763,112

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 - CAPITAL ASSETS (continued)

	Balance October 1, 2010	Additions	Transfers	Balance September 30, 2011
Less accumulated depreciation for:				
Building improvements	3,328	487	-	3,815
Infrastructure	22,406,435	1,792,667	-	24,199,102
Equipment	557,743	118,695	-	676,438
Meters in the Field	413,466	22,257	-	435,723
	<u>23,380,972</u>	<u>1,934,106</u>	<u>-</u>	<u>25,315,078</u>
Total accumulated depreciation				
	<u>23,380,972</u>	<u>1,934,106</u>	<u>-</u>	<u>25,315,078</u>
Total capital assets depreciated, net	<u>48,738,296</u>	<u>(1,803,786)</u>	<u>513,524</u>	<u>47,448,034</u>
Business-type activities capital assets	<u>\$ 50,070,537</u>	<u>\$ 4,148,888</u>	<u>\$ -</u>	<u>\$ 54,219,425</u>

Depreciation expense is charged to the following functions:

Business-type activities \$ 1,934,106

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, 2011:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011	Due Within One Year
Water management bonds	\$ 17,080,000	\$ -	\$ 610,000	\$ 16,470,000	\$ 640,000
Special assessment bonds	38,600,000	-	3,645,000	34,955,000	1,765,000
Deferred loss on early retirement of series 1998 bond	(254,222)	-	18,159	(236,063)	-
Bond discount and refunding Series 2005	(183,140)	-	27,922	(155,218)	-
	<u>\$ 55,242,638</u>	<u>\$ -</u>	<u>\$ 4,301,081</u>	<u>\$ 51,033,719</u>	<u>\$ 2,405,000</u>

Water Management Bonds payable at September 30, 2011 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 \$ 125,000. The bonds are secured primarily from special assessments levied by the District. \$ 2,300,000

\$ 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 \$ 50,000. The bonds are secured primarily from special assessments levied by the District. 6,150,000

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

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 \$ 465,000. The bonds are secured primarily from special assessments levied by the District.

8,020,000
 \$ 16,470,000

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	Principal	Interest	Total
September 30,			
2012	\$ 640,000	\$ 819,822	\$ 1,459,822
2013	675,000	788,677	1,463,677
2014	705,000	756,855	1,461,855
2015	740,000	723,606	1,463,606
2016	775,000	689,432	1,464,432
2017-2021	4,470,000	2,858,315	7,328,315
2022-2026	3,965,000	1,730,149	5,695,149
2027-2031	2,225,000	1,006,502	3,231,502
2032-2034	2,275,000	321,202	2,596,202
Total	\$ 16,470,000	\$ 9,694,560	\$ 26,164,560

Special Assessment Bonds payable at September 30, 2011 are comprised of the following:

\$ 7,495,000 Series 1997 Special Assessment Bonds, principal is due annually through May 2019. Interest at 7% is due in May and November each year. Current portion is \$ 435,000. The bonds are secured primarily from special assessments levied by the District.

\$ 4,510,000

\$ 20,955,000 Series 2005A-1 Special Assessment Bonds, principal is due annually through May 2026. Interest at 5.45% is due in May and November. Current portion is \$ 770,000. The bonds are secured primarily from special assessments levied by the District.

17,410,000

\$ 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 \$ 175,000. The bonds are secured primarily from special assessments levied by the District.

3,925,000

\$ 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 \$ 245,000. The bonds are secured primarily from special assessments levied by the District.

6,010,000

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 5 - LONG-TERM DEBT (continued)

\$ 2,165,000 Series 2006B Special Assessment Bonds, principal is due in a balloon payment in May 2014. Interest at 5% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District.	1,790,000
\$ 1,575,000 Series 2009 Special Assessment Refunding Bonds, principal is due in a balloon payment in May 2019. Interest at 4.5% is due in May and November. Current portion is \$ 140,000. The bonds are secured primarily from special assessments levied by the District.	<u>1,310,000</u>
	\$ <u><u>34,955,000</u></u>

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
2012	\$ 1,765,000	\$ 1,942,601	\$ 3,707,601
2013	1,865,000	1,841,269	3,706,269
2014	3,775,000	1,734,266	5,509,266
2015	2,105,000	1,530,799	3,635,799
2016	2,220,000	1,409,839	3,629,839
2017-2021	11,260,000	5,031,415	16,291,415
2022-2026	11,425,000	2,060,399	13,485,399
2027	540,000	28,080	568,080
Total	\$ <u><u>34,955,000</u></u>	\$ <u><u>15,578,668</u></u>	\$ <u><u>50,533,668</u></u>

Summary of significant bond covenants:

The following is a schedule of required reserve deposits as of September 30, 2011:

	Reserve Requirement	Reserve Balance
Series 1997 Special Assessment Bond	\$ 738,800	\$ 739,150
Series 2005A/B Water Management Bond	317,844	317,844
Series 2005A-1 Special Assessment Bond	1,431,102	1,491,519
Series 2005A-2 Special Assessment Bond	325,383	339,476
Series 2006A Special Assessment Bond	485,548	504,415
Series 2006B Special Assessment Bond	44,750	44,750
Series 2009 Special Assessment Bond	19,843	19,843
Series 2010 Water Management Bond	81,528	81,528

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

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, 2011:

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011	Due Within One Year
Water and sewer revenue and refunding bonds	\$ 21,535,000	-	\$ 280,000	\$ 21,255,000	\$ 1,195,000
Deferred loss on early retirement of Series 1994 and 1998 bonds	(903,488)	-	150,581	(752,907)	-
Total bonds payable	\$ 20,631,512	-	\$ 430,581	\$ 20,502,093	\$ 1,195,000

Water and Sewer Revenue Bonds payable at September 30, 2011 are comprised of the following:

\$ 16,800,000 Series 2010A Water and Sewer Refunding Revenue Bonds, due in annual principal installments beginning in October 2010 through October 2023. Interest at 4.39% is due in April and October. Current portion is \$ 970,000. The bonds are secured by a pledge of net revenues under the indenture, which are defined as all income and monies received by the District from the rates, fees, rentals, charges and other income collected by the District for the use of the products, services and facilities to be provided by the system.

\$ 16,575,000

\$ 4,735,000 Series 2010B Water and Sewer Revenue Bonds, due in annual principal installments beginning in October 2010 through October 2025. Interest at 4.39% is due in April and October. Current portion is \$ 225,000. The bonds are secured by a pledge of net revenues under the indenture, which are defined as all income and monies received by the District from the rates, fees, rentals, charges and other income collected by the District for the use of the products, services and facilities to be provided by the system.

\$ 21,255,000

The annual requirements to amortize the principal and interest of Enterprise Fund Bonds payable as of September 30, 2011 are as follows:

Year Ending September 30,	Principal	Interest	Total
2012	\$ 1,195,000	\$ 921,979	\$ 2,116,979
2013	1,245,000	865,234	2,110,234
2014	1,300,000	808,599	2,108,599
2015	1,365,000	749,292	2,114,292
2016	1,425,000	689,001	2,114,001
2017-2021	8,120,000	2,761,893	10,881,893
2022-2026	6,605,000	1,292,842	7,897,842
Total	\$ 21,255,000	\$ 8,088,840	\$ 29,343,840

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 6 - INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2011 were as follows:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ <u> -</u>	\$ <u> 121,612</u>
Totals	<u> -</u>	<u> 121,612</u>
Enterprise funds:		
Water and Sewer Fund	<u> 121,612</u>	<u> -</u>
Totals	\$ <u> 121,612</u>	\$ <u> -</u>

Amounts due from the General Fund represent payroll reimbursement to the Water and Sewer Fund. Amounts due from the Capital Project fund represent capital outlay reimbursement to the Water and Sewer Fund. All balances are expected to be paid within 60 days after year end.

Interfund transfers during the year were as follows:

	Transfer In	Transfer Out
Governmental funds:		
General Fund	\$ 22,189	\$ -
205 Debt Service Fund	-	54,727
211 Debt Service Fund	54,727	-
207 Debt Service Fund	-	17,764
208 Debt Service Fund	<u> -</u>	<u> 4,425</u>
Totals	\$ <u> 76,916</u>	\$ <u> 76,916</u>

Amounts transferred between funds during the year were mostly for the purpose of prepayments received and the closing out of funds.

NOTE 7 - COMPENSATED ABSENCES PAYABLE

Employees of the District accumulate unused sick time and vacation time up to a specified number of hours depending on the employee's length of employment. Accumulated vacation time can be redeemed in cash at retirement. Accumulated sick time is not generally payable in cash except for the sick time of employees that were grandfathered in when the District changed its policy regarding payment for accumulated sick time. The accumulated liability for the unused compensated absences at September 30, 2011 consisted of the following:

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

NOTE 7 - COMPENSATED ABSENCES PAYABLE (continued)

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

	Balance October 1, 2010	Increase (Decrease)	Balance September 30, 2011	Due Within One Year
Compensated absences	\$ 53,543	\$ 9,703	\$ 63,246	\$ 9,917
Total	\$ 53,543	\$ 9,703	\$ 63,246	\$ 9,917

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

	Balance October 1, 2010	Increase (Decrease)	Balance September 30, 2011	Due Within One Year
Compensated absences	\$ 59,196	\$ 19,635	\$ 78,831	\$ 8,239
Total	\$ 59,196	\$ 19,635	\$ 78,831	\$ 8,239

NOTE 8 - RETIREMENT PLAN

The District participates in a multi-employer defined contribution pension plan sponsored by Coral Springs Improvement District, covering all employees who meet certain age and length-of-service requirements. The District's required contribution is 6% of the total salaries of qualified participants. Total salaries of the qualified participants for the year ending September 30, 2011 were \$ 1,939,253. 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 \$ 116,355.

NOTE 9 - POST-EMPLOYMENT BENEFITS

Funding Policy

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

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)

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

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

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	\$ -
Annual required contribution	70,000
Interest on net OPEB obligation	2,000
Adjustment to annual required contribution	<u>(5,000)</u>
Annual OPEB cost	67,000
Contributions made (credit for implied subsidy)	<u>(5,000)</u>
Increase in net OPEB obligation	62,000
Net OPEB obligation - beginning of year	61,000
Net OPEB obligation - end of year	<u><u>\$ 123,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended September 30, 2011 was:

Annual OPEB cost	\$ 67,000
Percentage of OPEB cost contributed	<u>7%</u>
Net OPEB obligation	<u><u>\$ 62,000</u></u>

Funded Status and Funding Progress

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

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

NOTE 9 - POST-EMPLOYMENT BENEFITS (continued)

The actuarial valuation for the calculation of OPFB 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, 2010
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level dollar payment
Actuarial assumptions:	
Investment rate of return	4.00% per annum*
Healthcare cost trend rates:	
Select rate	10.00% for 2010/2011 graded to 6.00% for 2018/2019
Ultimate rate	5.00% per annum

*Includes inflation at 2.75% per annum

NOTE 10 - RISK MANAGEMENT

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

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

NORTH SPRINGS IMPROVEMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

NOTE 11 - PRIOR PERIOD ADJUSTMENTS

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

	<u>General Fund</u>	<u>Governmental Activities</u>
Fund balance and net assets, October 1, 2010, as previously stated	\$ 2,172,068	\$ 73,249,579
Increase due to understatement of fixed assets	-	283,001
Increase due to overstatement of capital outlay	<u>51,937</u>	<u>51,937</u>
Fund balance and net assets, October 1, 2010, as restated	<u>\$ 2,224,005</u>	<u>\$ 73,584,517</u>

NOTE 12 - SUBSEQUENT EVENT

In December 2011, the District issued Water and Sewer Revenue and Refunding Revenue Bonds, Series 2011, for \$ 50,065,000 with a rate of 3.23%. The bond is being issued to (1) finance the Cost of the acquisition, construction and equipping of the Series 2011 Project; (2) refunding and redeeming the outstanding Water and Sewer Refunding Revenue Bonds, Series 2010A and Water and Sewer Revenue Bonds, Series 2010 B; (3) pay costs of issuance of the bond.



**REQUIRED SUPPLEMENTARY
INFORMATION**



NORTH SPRINGS IMPROVEMENT DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFITS PLAN
 September 30, 2011

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

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

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





OTHER FINANCIAL INFORMATION



NORTH SPRINGS IMPROVEMENT DISTRICT

Nonmajor Governmental Funds Overview

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

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

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

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

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

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

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

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

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

NORTH SPRINGS IMPROVEMENT DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2011

204	205	206	208	209	210
Debt	Debt	Debt	Debt	Debt	Debt
Service	Service	Service	Service	Service	Service
\$ 1,028	\$ -	\$ 1,000	\$ 1,702	\$ 1,000	\$ 1,000
Restricted assets:					
Investments at fair value					
1,451,351	-	744,526	487,179	842,551	59,893
Total assets					
\$ 1,452,379	\$ -	\$ 745,526	\$ 488,881	\$ 843,551	\$ 60,893
LIABILITIES AND					
FUND BALANCES:					
Liabilities:					
Accounts payable					
\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total liabilities					
Fund balances:					
Restricted for:					
Debt service					
1,451,379	-	744,526	487,881	842,551	59,893
Capital projects					
-	-	-	-	-	-
Total fund balances					
1,451,379	-	744,526	487,881	842,551	59,893
Total liabilities and fund balances					
\$ 1,452,379	\$ -	\$ 745,526	\$ 488,881	\$ 843,551	\$ 60,893

<u>211 Debt Service</u>	<u>306 Capital Projects</u>	<u>308 Capital Projects</u>	<u>Total Other Governmental Funds</u>
\$ 1,033	\$ -	\$ -	\$ 6,763
<u>417,746</u>	<u>68,193</u>	<u>126,274</u>	<u>4,197,713</u>
<u><u>\$ 418,779</u></u>	<u><u>\$ 68,193</u></u>	<u><u>\$ 126,274</u></u>	<u><u>\$ 4,204,476</u></u>
\$ <u>2,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,000</u>
<u>2,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,586,230</u>
<u>416,779</u>	<u>68,193</u>	<u>126,274</u>	<u>611,246</u>
<u>416,779</u>	<u>68,193</u>	<u>126,274</u>	<u>4,197,476</u>
<u><u>\$ 418,779</u></u>	<u><u>\$ 68,193</u></u>	<u><u>\$ 126,274</u></u>	<u><u>\$ 4,204,476</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, 2011**

	204	205	206	208	209	210
REVENUES:						
Special assessments	\$ 774,563	\$ -	\$ 623,982	\$ 822,786	\$ 653,565	\$ 199,427
Total revenues	774,563	-	623,982	822,786	653,565	199,427
EXPENDITURES:						
Debt service:						
Principal	410,000	-	165,000	590,000	235,000	135,000
Interest	344,400	-	470,800	241,205	414,240	65,928
Other	5,233	-	5,233	13,327	4,693	5,771
Total expenditures	759,633	-	641,033	844,532	653,933	206,699
Excess of revenues over (under) expenditures	14,930	-	(17,051)	(21,746)	(368)	(7,272)
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	(54,727)	-	(4,425)	-	-
Total other financing sources (uses)	-	(54,727)	-	(4,425)	-	-
Excess of revenues and other sources over (under) expenditures and other uses	14,930	(54,727)	(17,051)	(26,171)	(368)	(7,272)
FUND BALANCES, October 1, 2010	1,436,449	54,727	761,577	514,052	842,919	67,165
FUND BALANCES, September 30, 2011	\$ 1,451,379	\$ -	\$ 744,526	\$ 487,881	\$ 842,551	\$ 59,893

211 Debt Service	306 Capital Projects	308 Capital Projects	Total Other Governmental Funds
\$ 836,041	\$ -	\$ -	\$ 3,910,364
<u>836,041</u>	<u>-</u>	<u>-</u>	<u>3,910,364</u>
445,000	-	-	1,980,000
371,614	-	-	1,908,187
6,771	-	-	41,028
<u>823,385</u>	<u>-</u>	<u>-</u>	<u>3,929,215</u>
12,656	-	-	(18,851)
54,727	-	-	54,727
<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,152)</u>
<u>54,727</u>	<u>-</u>	<u>-</u>	<u>(4,425)</u>
67,383	-	-	(23,276)
<u>349,396</u>	<u>68,193</u>	<u>126,274</u>	<u>4,220,752</u>
<u>\$ 416,779</u>	<u>\$ 68,193</u>	<u>\$ 126,274</u>	<u>\$ 4,197,476</u>



**OTHER REPORTS OF
INDEPENDENT AUDITORS**





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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of North Springs Improvement District (the "District") as of and for the year ended September 30, 2011, which collectively comprises the District's basic financial statements and have issued our report thereon dated April 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Keefe, McCullough & Co., LLP

KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 23, 2012



INDEPENDENT AUDITORS' REPORT TO DISTRICT MANAGEMENT

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

We have audited the basic financial statements of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2011, and have issued our report thereon dated April 23, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which are dated April 23, 2012, should be considered in conjunction with this management letter.

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

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

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

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

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

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

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

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

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

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in agreement.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, members of the Board of Supervisors, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 23, 2012

