

North Springs Improvement District

Basic Financial Statements
For the Year Ended September 30, 2015

North Springs Improvement District

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North Springs Improvement District

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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, 2015, 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 General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

CPA's + Trusted Advisors

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, each major fund and the aggregate remaining fund information of the District, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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, and schedule of funding progress - other post-employment benefits on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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. Such information is the responsibility of management and was 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 other financial information is fairly stated in all material respects in relation to the basic 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 May 9, 2016, on our consideration of the District's 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 District's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 9, 2016

BASIC
FINANCIAL STATEMENTS

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, 2015:

- The District's total assets exceeded total liabilities by \$ 132,265,861 (net position). Unrestricted net position (deficit) for governmental activities was \$ (35,451). Unrestricted net position for business-type activities was \$ 4,296,285.
- Governmental activities revenues totaled \$ 10,675,646 while governmental activities expenses totaled \$ 10,373,847. Business-type revenues totaled \$ 18,922,034 while business-type expenses totaled \$ 12,467,795.

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.

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 42 of this report.

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, which can be found on page 43.

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 44 through 48.

**North Springs Improvement District
Management's Discussion and Analysis
September 30, 2015**

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, 2015 and 2014:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 1,794,715	\$ 695,141	\$ 15,219,906	\$ 14,409,972	\$ 17,014,621	\$ 15,105,113
Restricted assets	11,697,154	14,415,843	7,428,673	9,470,427	19,125,827	23,886,270
Capital assets (net)	<u>120,515,369</u>	<u>121,809,604</u>	<u>92,133,118</u>	<u>82,895,540</u>	<u>212,648,487</u>	<u>204,705,144</u>
Total assets	<u>134,007,238</u>	<u>136,920,588</u>	<u>114,781,697</u>	<u>106,775,939</u>	<u>248,788,935</u>	<u>243,696,527</u>
Total deferred outflows of resources	<u>216,242</u>	<u>253,038</u>	<u>172,509</u>	<u>301,164</u>	<u>388,751</u>	<u>554,202</u>
Liabilities:						
Current liabilities	5,147,583	4,729,363	8,293,644	5,428,587	13,441,227	10,157,950
Noncurrent liabilities	<u>58,675,954</u>	<u>62,346,119</u>	<u>44,794,644</u>	<u>46,236,837</u>	<u>103,470,598</u>	<u>108,582,956</u>
Total liabilities	<u>63,823,537</u>	<u>67,075,482</u>	<u>53,088,288</u>	<u>51,665,424</u>	<u>116,911,825</u>	<u>118,740,906</u>
Net position:						
Net investment in capital assets	70,435,394	71,221,528	53,807,374	45,462,131	124,242,768	116,683,659
Restricted	-	-	3,762,259	3,012,144	3,762,259	3,012,144
Unrestricted (deficit)	<u>(35,451)</u>	<u>(1,123,384)</u>	<u>4,296,285</u>	<u>6,937,404</u>	<u>4,260,834</u>	<u>5,814,020</u>
Total net position	<u>\$ 70,399,943</u>	<u>\$ 70,098,144</u>	<u>\$ 61,865,918</u>	<u>\$ 55,411,679</u>	<u>\$ 132,265,861</u>	<u>\$ 125,509,823</u>

**North Springs Improvement District
Management's Discussion and Analysis
September 30, 2015**

Governmental and Business-Type Activities: Governmental activities increased the District's net position by \$ 301,799, while business-type activities increased the District's net position by \$ 6,454,239, as reflected in the table below:

**North Springs Improvement District
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Charges for services	\$ -	\$ -	\$ 14,078,428	\$ 14,301,103	\$ 14,078,428	\$ 14,301,103
Capital grants and contributions	-	-	4,723,526	3,694,029	4,723,526	3,694,029
Taxes:						
Assessments	10,557,162	8,706,995	-	-	10,557,162	8,706,995
Other	114,980	97,595	84,486	18,635	199,466	116,230
Total revenues	10,672,142	8,804,590	18,886,440	18,013,767	29,558,582	26,818,357
Expenses:						
General government	1,001,986	757,135	-	-	1,001,986	757,135
Physical environment	1,916,999	1,853,260	-	-	1,916,999	1,853,260
Water and sewer	-	-	8,646,588	8,529,529	8,646,588	8,529,529
Provisions for depreciation	3,535,544	3,532,524	2,199,601	2,138,545	5,735,145	5,671,069
Interest expense and other fiscal charges	3,919,318	3,743,330	1,621,606	776,407	5,540,924	4,519,737
Total expenses	10,373,847	9,886,249	12,467,795	11,444,481	22,841,642	21,330,730
Change in net position before other income (expense)	298,295	(1,081,659)	6,418,645	6,569,286	6,716,940	5,487,627
Other income (expense):						
Interest income	3,004	2,420	1,478	1,030	4,482	3,450
Unrealized gain on investments	500	(1,004)	34,116	(19,575)	34,616	(20,579)
Total other income (expense)	3,504	1,416	35,594	(18,545)	39,098	(17,129)
Change in net position	301,799	(1,080,243)	6,454,239	6,550,741	6,756,038	5,470,498
Net position, beginning of the year	70,098,144	71,178,387	55,411,679	48,860,938	125,509,823	120,039,325
Net position, end of the year	\$ 70,399,943	\$ 70,098,144	\$ 61,865,918	\$ 55,411,679	\$ 132,265,861	\$ 125,509,823

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.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 12,862,520.

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, 2015 amounts to \$ 120,515,369 and \$ 92,133,118, respectively, and mostly consists of land, buildings and improvements, 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 \$ 61,786,414 and the District's business activities had debt outstanding of \$ 45,905,000.

Additional information on the District's debt can be found in Note 5 on pages 30 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. The General Fund budget was amended in order to reallocate certain expenditures in year ended September 30, 2015 as a result of adjustments of revenues and expenses approved during the fiscal year.

Economic Factors and Next Year's Utility Rates

The 2016 General Fund's budgeted expenditures increased by approximately \$ 290,000. The increase is mainly due to increases in repairs and maintenance. The 2016 Water and Sewer Fund's budgeted expenses increased by approximately \$ 713,000. The increase is due to an increase in debt service. The District has approved a utility rate increase beginning in 2016.

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, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 2,089,227	\$ 12,878,212	\$ 14,967,439
Accounts receivable	-	1,895,697	1,895,697
Internal balances	(316,545)	316,545	-
Prepaid expenses	22,033	129,452	151,485
	<u>1,794,715</u>	<u>15,219,906</u>	<u>17,014,621</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments	11,697,154	7,428,673	19,125,827
Capital assets not being depreciated:			
Land	12,243,726	2,770,294	15,014,020
Construction in progress	18,597,115	39,255,461	57,852,576
Easements	-	82,785	82,785
Capital assets being depreciated:			
Buildings and improvements	3,618,942	731,707	4,350,649
Infrastructure	139,863,947	80,119,038	219,982,985
Equipment	695,558	2,772,142	3,467,700
Less accumulated depreciation	(54,503,919)	(33,598,309)	(88,102,228)
	<u>132,212,523</u>	<u>99,561,791</u>	<u>231,774,314</u>
Total noncurrent assets			
	<u>134,007,238</u>	<u>114,781,697</u>	<u>248,788,935</u>
Total assets			
Deferred Outflows of Resources:			
Deferred charge on refunding	206,957	150,583	357,540
Deferred outflows related to pensions	9,285	21,926	31,211
	<u>216,242</u>	<u>172,509</u>	<u>388,751</u>
Total deferred outflows of resources			
	<u>216,242</u>	<u>172,509</u>	<u>388,751</u>
Total assets and deferred outflows of resources	<u>\$ 134,223,480</u>	<u>\$ 114,954,206</u>	<u>\$ 249,177,686</u>

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, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 137,379	\$ 122,703	\$ 260,082
Accrued liabilities	409,162	1,857,024	2,266,186
Contracts payable	-	1,956,659	1,956,659
Customer deposits	82,808	605,833	688,641
Due to developer	-	1,463,794	1,463,794
Accrued interest	1,275,901	753,722	2,029,623
Bonds payable	3,240,000	1,525,000	4,765,000
Compensated absences payable	2,333	8,909	11,242
	<u>5,147,583</u>	<u>8,293,644</u>	<u>13,441,227</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated absences payable	20,999	80,185	101,184
Net OPEB obligation	108,541	334,459	443,000
Bonds payable	58,546,414	44,380,000	102,926,414
	<u>58,675,954</u>	<u>44,794,644</u>	<u>103,470,598</u>
Total noncurrent liabilities			
	<u>63,823,537</u>	<u>53,088,288</u>	<u>116,911,825</u>
Total liabilities			
Net Position:			
Net investment in capital assets	70,435,394	53,807,374	124,242,768
Restricted for:			
Renewal and replacement	-	1,476,077	1,476,077
Debt service	-	2,286,182	2,286,182
Unrestricted (deficit)	(35,451)	4,296,285	4,260,834
	<u>70,399,943</u>	<u>61,865,918</u>	<u>132,265,861</u>
Total net position			
Total liabilities and net position	<u>\$ 134,223,480</u>	<u>\$ 114,954,206</u>	<u>\$ 249,177,686</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, 2015**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 1,001,986	\$ -	\$ -	\$ (1,001,986)	\$ -	\$ (1,001,986)
Physical environment	1,916,999	-	-	(1,916,999)	-	(1,916,999)
Provision for depreciation	3,535,544	-	-	(3,535,544)	-	(3,535,544)
Interest expense and other fiscal charges	3,919,318	-	-	(3,919,318)	-	(3,919,318)
Total governmental activities	10,373,847	-	-	(10,373,847)	-	(10,373,847)
Business-type activities:						
Personal services	3,553,790	-	-	-	(3,553,790)	(3,553,790)
Materials, supplies and services	5,092,798	14,078,428	4,723,526	-	13,709,156	13,709,156
Provision for depreciation	2,199,601	-	-	-	(2,199,601)	(2,199,601)
Interest expense and other fiscal charges	1,621,606	-	-	-	(1,621,606)	(1,621,606)
Total business-type activities	12,467,795	14,078,428	4,723,526	-	6,334,159	6,334,159
Total primary government	\$ 22,841,642	\$ 14,078,428	\$ 4,723,526	(10,373,847)	6,334,159	(4,039,688)
General revenues:						
Special assessments				10,557,162	-	10,557,162
Investment earnings				3,004	1,478	4,482
Miscellaneous				114,980	84,486	199,466
Unrealized gain on investments				500	34,116	34,616
Total general revenues				10,675,646	120,080	10,795,726
Change in net position				301,799	6,454,239	6,756,038
Net position, October 1, 2014				70,098,144	55,411,679	125,509,823
Net position, September 30, 2015				\$ 70,399,943	\$ 61,865,918	\$ 132,265,861

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

**North Springs Improvement District
Balance Sheet - Governmental Funds
September 30, 2015**

	<u>General</u>	<u>206 Debt Service</u>	<u>207 Debt Service</u>
Assets:			
Cash, cash equivalents and investments	\$ 2,089,227	\$ -	\$ -
Prepaid expenditures	22,033	-	-
Due from other funds	5,795	1,394	12,101
Restricted assets:			
Investments at fair value	-	-	2,212,311
	<u>-</u>	<u>-</u>	<u>2,212,311</u>
Total assets	\$ <u>2,117,055</u>	\$ <u>1,394</u>	\$ <u>2,224,412</u>
Liabilities and Fund Balances:			
Accounts payable	\$ 137,379	\$ -	\$ -
Accrued liabilities	409,162	-	-
Customer deposits	82,808	-	-
Due to other funds	333,205	-	-
	<u>962,554</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>962,554</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	22,033	-	-
Restricted for:			
Debt service	-	1,394	-
Capital projects	-	-	-
Assigned to:			
First quarter operating reserves	175,000	-	-
Unassigned	957,468	-	2,224,412
	<u>1,154,501</u>	<u>1,394</u>	<u>2,224,412</u>
Total fund balances	<u>1,154,501</u>	<u>1,394</u>	<u>2,224,412</u>
Total liabilities and fund balances	\$ <u>2,117,055</u>	\$ <u>1,394</u>	\$ <u>2,224,412</u>

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

<u>211 Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 2,089,227
-	-	22,033
-	31,778	51,068
-	9,484,843	11,697,154
\$ -	\$ 9,516,621	\$ 13,859,482
\$ -	\$ -	\$ 137,379
-	-	409,162
-	-	82,808
9,157	25,251	367,613
9,157	25,251	996,962
-	-	22,033
-	3,642,313	3,643,707
-	5,849,057	5,849,057
-	-	175,000
(9,157)	-	3,172,723
(9,157)	9,491,370	12,862,520
\$ -	\$ 9,516,621	\$ 13,859,482

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

**North Springs Improvement District
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 September 30, 2015**

Fund Balances - Total Governmental Funds \$ 12,862,520

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	\$ 175,019,288	
Accumulated depreciation	<u>(54,503,919)</u>	120,515,369

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

Bonds payable	(61,786,414)	
Deferred charge	206,957	
Accrued interest payable on long term debt	(1,275,901)	
OPEB obligation	(108,541)	
Compensated absences	(23,332)	
Deferred outflows related to pensions	<u>9,285</u>	<u>(62,977,946)</u>

Net Position of Governmental Activities \$ 70,399,943

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, 2015

	<u>General</u>	<u>206 Debt Service</u>	<u>207 Debt Service</u>
Revenues:			
Special assessments	\$ 3,696,423	\$ 658,668	\$ 1,758,221
Permit fees	8,350	-	-
Investment earnings	2,105	46	153
Unrealized gain (loss) on investments	500	-	-
Miscellaneous revenues	106,630	-	-
	<u>3,814,008</u>	<u>658,714</u>	<u>1,758,374</u>
Expenditures:			
Current:			
General government:			
Personal services	792,040	-	-
Operating	216,698	-	-
Physical environment:			
Personal services	599,877	-	-
Operating	1,284,419	-	-
Capital outlay	447,007	-	-
Debt service:			
Principal	-	7,895,000	980,000
Interest	-	603,650	802,649
Bond issuance costs and other fiscal charges	-	4,717	13,426
	<u>3,340,041</u>	<u>8,503,367</u>	<u>1,796,075</u>
Total expenditures			
	<u>3,340,041</u>	<u>8,503,367</u>	<u>1,796,075</u>
Excess (deficiency) of revenues over expenditures	<u>473,967</u>	<u>(7,844,653)</u>	<u>(37,701)</u>
Other Financing Sources (Uses):			
Operating transfers in	5,548	7,933,533	-
Operating transfers out	-	(822,810)	-
Issuance of bonds	-	-	-
	<u>5,548</u>	<u>7,110,723</u>	<u>-</u>
Total other financing sources (uses)			
	<u>5,548</u>	<u>7,110,723</u>	<u>-</u>
Net change in fund balances	<u>479,515</u>	<u>(733,930)</u>	<u>(37,701)</u>
Fund Balances, October 1, 2014	<u>674,986</u>	<u>735,324</u>	<u>2,262,113</u>
Fund Balances (Deficit), September 30, 2015	<u>\$ 1,154,501</u>	<u>\$ 1,394</u>	<u>\$ 2,224,412</u>

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

<u>211 Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 627,054	\$ 3,816,796	\$ 10,557,162
-	-	8,350
2	698	3,004
-	-	500
-	-	106,630
<u>627,056</u>	<u>3,817,494</u>	<u>10,675,646</u>
-	-	792,040
-	-	216,698
-	-	599,877
-	-	1,284,419
-	1,813,854	2,260,861
6,555,000	1,970,000	17,400,000
123,099	2,240,558	3,769,956
<u>650</u>	<u>314,739</u>	<u>333,532</u>
<u>6,678,749</u>	<u>6,339,151</u>	<u>26,657,383</u>
<u>(6,051,693)</u>	<u>(2,521,657)</u>	<u>(15,981,737)</u>
6,209,102	3,903,486	18,051,669
(627,058)	(16,601,801)	(18,051,669)
-	13,910,000	13,910,000
<u>5,582,044</u>	<u>1,211,685</u>	<u>13,910,000</u>
<u>(469,649)</u>	<u>(1,309,972)</u>	<u>(2,071,737)</u>
<u>460,492</u>	<u>10,801,342</u>	<u>14,934,257</u>
\$ <u><u>(9,157)</u></u>	\$ <u><u>9,491,370</u></u>	\$ <u><u>12,862,520</u></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 - Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2015**

Net Change in Fund Balances - Total Governmental Funds \$ (2,071,737)

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	\$ 2,241,309	
Current year depreciation	<u>(3,535,544)</u>	(1,294,235)

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	17,400,000	
Issuance of bonds	<u>(13,910,000)</u>	3,490,000

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	(46,081)	
Amortization of discount	(19,457)	
Change in accrued interest payable	249,708	
Change in OPEB obligation	(18,473)	
Change in compensated absences	2,789	
Change in deferred outflows related to pensions	<u>9,285</u>	<u>177,771</u>

Change in Net Position of Governmental Activities \$ 301,799

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

**North Springs Improvement District
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual - General Fund
For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Special assessments	\$ 3,667,841	\$ 3,671,165	\$ 3,696,423	\$ 25,258
Permit fees	8,000	8,000	8,350	350
Investment earnings	-	319	2,105	1,786
Miscellaneous revenues	100,000	100,000	106,630	6,630
Unrealized gain (loss) on investments	-	-	500	500
	<u>3,775,841</u>	<u>3,779,484</u>	<u>3,814,008</u>	<u>34,524</u>
Expenditures:				
Current:				
General government:				
Personal	675,883	675,883	792,040	(116,157)
Operating	200,800	200,679	216,698	(16,019)
Physical environment:				
Personal	583,858	599,753	599,877	(124)
Operating	1,855,300	1,855,454	1,284,419	571,035
Capital outlay	125,000	202,715	447,007	(244,292)
	<u>3,440,841</u>	<u>3,534,484</u>	<u>3,340,041</u>	<u>194,443</u>
Excess (deficiency) of revenues over expenditures	335,000	245,000	473,967	228,967
Other Financing Sources (Uses):				
Operating transfers in	-	-	5,548	5,548
Reserved for first quarter operating	(335,000)	(245,000)	-	245,000
	<u>(335,000)</u>	<u>(245,000)</u>	<u>5,548</u>	<u>250,548</u>
Total other financing sources (uses)	(335,000)	(245,000)	5,548	250,548
Net change in fund balance	-	-	479,515	479,515
Fund Balance, October 1, 2014	<u>-</u>	<u>-</u>	<u>674,986</u>	<u>674,986</u>
Fund Balance, September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,154,501</u>	<u>\$ 1,154,501</u>

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, 2015

Assets:

Current assets:

Cash, cash equivalents and investments	\$ 12,878,212
Accounts receivable	1,895,697
Due from other funds	361,818
Prepaid expenses	<u>129,452</u>

Total current assets	<u>15,265,179</u>
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Noncurrent assets:

Restricted assets:

Cash, cash equivalents and investments	7,428,673
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Capital assets:

Depreciable (net)	50,024,578
Nondepreciable	<u>42,108,540</u>

Total noncurrent assets	<u>99,561,791</u>
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Total assets	<u>114,826,970</u>
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Deferred Outflows of Resources:

Deferred charge on refunding	150,583
Deferred outflows related to pensions	<u>21,926</u>

Total deferred outflows of resources	<u>172,509</u>
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Total assets and deferred outflows of resources	<u>\$ 114,999,479</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, 2015

Liabilities:

Current liabilities:

Accounts payable	\$ 122,703
Accrued liabilities	1,857,024
Contracts payable	1,956,659
Due to developer	1,463,794
Customer deposits	605,833
Accrued interest	753,722
Due to other funds	45,273
Compensated absences payable	8,909
Bonds payable	<u>1,525,000</u>

Total current liabilities	<u>8,338,917</u>
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Noncurrent liabilities:

Compensated absences payable	80,185
Net OPEB obligation	334,459
Bonds payable	<u>44,380,000</u>

Total noncurrent liabilities	<u>44,794,644</u>
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Total liabilities	<u>53,133,561</u>
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Net Position:

Net investment in capital assets	53,807,374
Restricted for renewal and replacement	1,476,077
Restricted for debt service	2,286,182
Unrestricted	<u>4,296,285</u>

Total net position	<u>61,865,918</u>
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Total liabilities and net position	<u>\$ 114,999,479</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 Change in Net Position
Proprietary Fund
For the Year Ended September 30, 2015

Operating Revenues:

Charges for services:	
Water and sewer	\$ 8,009,901
Sewer	5,307,002
Miscellaneous fees	550,378
Meter fees	<u>211,147</u>
Total operating revenues	<u>14,078,428</u>

Operating Expenses:

Personal services	3,553,790
Materials, supplies and services	5,092,798
Provisions for depreciation	<u>2,199,601</u>
Total operating expenses	<u>10,846,189</u>

Operating income	<u>3,232,239</u>
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Nonoperating Revenues (Expenses):

Miscellaneous revenues	84,486
Unrealized gain (loss) on investments	34,116
Interest earnings	1,478
Interest expense and other fiscal charges	<u>(1,621,606)</u>

Total nonoperating revenue (expenses)	<u>(1,501,526)</u>
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Income before capital contributions	1,730,713
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Contributions:

Capital contributions	<u>4,723,526</u>
Total contributions	<u>4,723,526</u>

Change in net position	<u>6,454,239</u>
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Net Position, October 1, 2014	<u>55,411,679</u>
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Net Position, September 30, 2015	<u>\$ 61,865,918</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, 2015

Cash Flows from Operating Activities:	
Receipts from customers	\$ 13,755,769
Payments to suppliers for goods and services	(4,329,129)
Payments to employees for services	<u>(1,735,056)</u>
Net cash provided by (used in) operating activities	<u>7,691,584</u>
 Cash Flows from Noncapital Financing Activities:	
Cash received from grants and other miscellaneous activities	<u>84,486</u>
Net cash provided by (used in) noncapital financing activities	<u>84,486</u>
 Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(10,995,075)
Bond principal payments	(1,300,000)
Deferred amount on refunding	150,581
Capital contributions	4,723,526
Interest and other charges	<u>(1,642,951)</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,063,919)</u>
 Cash Flows from Investing Activities:	
Unrealized gain (loss) on investments	34,116
Interest received	<u>1,478</u>
Net cash provided by (used in) investing activities	<u>35,594</u>
Net increase (decrease) in cash, cash equivalents and investments	(1,252,255)
 Cash, Cash Equivalents and Investments, October 1, 2014	 <u>21,559,140</u>
Cash, Cash Equivalents and Investments, September 30, 2015	\$ <u>20,306,885</u>

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

North Springs Improvement District
Statement of Cash Flows
Proprietary Funds
(continued)
For the Year Ended September 30, 2015

**Reconciliation of Operating Income to Net
cash Provided by (Used in) Operating Activities:**

Operating income	\$ 3,232,239
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Provision for depreciation	2,199,601
Decrease (increase) in assets:	
Accounts receivable	(329,321)
Prepaid expenses	(24,919)
Due from other funds	131,794
Due from other sources	161,825
Deferred outflows related to pensions	(21,926)
Increase (decrease) in liabilities:	
Accounts payable	(403,554)
Accrued liabilities	1,755,489
Due to other funds	45,273
Due to developer	853,250
Customer deposits	6,662
Net OPEB obligation	61,527
Compensated absences	23,644
	<hr/>
Total adjustments	4,459,345
	<hr/>
Net cash provided by (used in) operating activities	\$ <u><u>7,691,584</u></u>

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

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.

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.

2005B Debt Service Fund (206 Debt Service) - The 2005B Debt Service Fund accounts for debt service requirements for the District's Water Management Bond, Series 2005B.

2005A-1 Debt Service Fund (207 Debt Service) - The 2005A-1 Debt Service Fund accounts for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2005A-1.

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

The District reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is a 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 has two items that qualify 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. The second item is deferred outflows related to pensions and discussed in further detail in Note 8.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 May 9, 2016, 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, 2015, 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 \$ 14,685,202 and the bank balance was \$ 15,316,013. 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 proprietary fund are governed by Bond Indentures.

Note 3 - Deposits and Investments (continued)

Investments as of September 30, 2015 were as follows:

Investment	Reported Amount - Fair Value or Amortized Cost	Maturity
Money Market Mutual Funds	\$ 19,125,827	N/A
State Board of Administration: Florida Prime	271,937	Weighted average life is 29 days
Total	\$ 19,397,764	

These deposits and investments are reflected in the accompanying statement of net position as cash, cash equivalents and investments of \$ 34,093,266.

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-mf” by Moody's Investors Service. The Florida Prime is rated AAAM by Standard and Poor's.

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	\$ 5,851,057
Future debt service	5,846,097
Total restricted cash, cash equivalents and investments	\$ 11,697,154

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 1,511,281
Future debt service	4,441,315
Renewal and replacement of capital assets	1,476,077
Total restricted cash, cash equivalents and investments	\$ 7,428,673

North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2015

Note 4 - Capital Assets

The following is a schedule of changes in capital assets during the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Transfers	Balance September 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,243,726	\$ -	\$ -	\$ 12,243,726
Construction in progress	17,133,770	1,463,345	-	18,597,115
Total capital assets, not depreciated	29,377,496	1,463,345	-	30,840,841
Capital assets, being depreciated:				
Infrastructure	139,091,531	772,416	-	139,863,947
Buildings and improvements	3,618,942	-	-	3,618,942
Machinery and equipment	690,010	5,548	-	695,558
Total capital assets, being depreciated	143,400,483	777,964	-	144,178,447
Less accumulated depreciation for:				
Buildings and improvements	1,540,812	126,432	-	1,667,244
Infrastructure	48,925,917	3,364,328	-	52,290,245
Machinery and equipment	501,646	44,784	-	546,430
Total accumulated depreciation	50,968,375	3,535,544	-	54,503,919
Total capital assets depreciated, net	92,432,108	(2,757,580)	-	89,674,528
Governmental activities capital assets, net	\$ 121,809,604	\$ (1,294,235)	\$ -	\$ 120,515,369
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,770,294	\$ -	\$ -	\$ 2,770,294
Easements	82,785	-	-	82,785
Construction in progress	33,200,076	10,970,299	(4,914,914)	39,255,461
Total capital assets, not depreciated	36,053,155	10,970,299	(4,914,914)	42,108,540
Capital assets, being depreciated:				
Building improvements	438,367	-	293,340	731,707
Infrastructure	75,238,875	258,589	4,621,574	80,119,038
Equipment	2,042,390	208,291	-	2,250,681
Meters in the field	521,461	-	-	521,461
Total capital assets, being depreciated	78,241,093	466,880	4,914,914	83,622,887

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2015**

Note 4 - Capital Assets (continued)

	Balance October 1, 2014	Additions	Transfers	Balance September 30, 2015
Less accumulated depreciation for:				
Building improvements	39,458	21,918	-	61,376
Infrastructure	29,789,982	1,990,508	-	31,780,490
Equipment	1,080,294	175,828	-	1,256,122
Meters in the field	488,974	11,347	-	500,321
	<u>31,398,708</u>	<u>2,199,601</u>	<u>-</u>	<u>33,598,309</u>
Total accumulated depreciation				
Total capital assets depreciated, net	<u>46,842,385</u>	<u>(1,732,721)</u>	<u>4,914,914</u>	<u>50,024,578</u>
Business-type activities capital assets	<u>\$ 82,895,540</u>	<u>\$ 9,237,578</u>	<u>\$ -</u>	<u>\$ 92,133,118</u>

Depreciation expense is charged to the following functions:

Governmental activities	\$ <u>3,535,544</u>
Business-type activities	\$ <u>2,199,601</u>

The District has awarded various construction contracts. As of September 30, 2015, commitments on uncompleted construction contracts totaled approximately \$ 7,445,000.

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, 2015:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015	Due Within One Year
Water management bonds	\$ 28,230,000	\$ 13,910,000	\$ 15,010,000	\$ 27,130,000	\$ 850,000
Water management discount	(266,710)	-	8,890	(257,820)	-
Special assessment bonds	37,505,000	-	2,390,000	35,115,000	2,390,000
Special assessment discount	(211,333)	-	10,567	(200,766)	-
	<u>\$ 65,256,957</u>	<u>\$ 13,910,000</u>	<u>\$ 17,419,457</u>	<u>\$ 61,786,414</u>	<u>\$ 3,240,000</u>

Water Management Bonds payable at September 30, 2015 are comprised of the following:

\$ 7,770,000 Series 2014A-2 Water Management Bonds, principal is due annually through May 2044. Interest at 6.50% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District.	\$ 7,770,000
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**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2015**

Note 5 - Long-Term Debt (continued)

\$ 6,010,000 Series 2014B-2 Water Management Bonds, principal is due annually through May 2044. Interest at 6.625% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District.	6,010,000
\$ 6,415,000 Series 2014 Water Management Bonds, principal is due annually through May 2024. Interest at 2.95% is due in May and November each year. Current portion is \$ 575,000. The bonds are secured primarily from special assessments levied by the District.	5,855,000
\$ 7,495,000 Series 2015 Water Management Bonds, principal is due annually through May 2035. Interest at 3.10% is due in May and November each year. Current portion is \$ 275,000. The bonds are secured primarily from special assessments levied by the District.	<u>7,495,000</u>
	<u>\$ 27,130,000</u>

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

Year Ending September 30,	Principal	Interest	Total
2016	\$ 850,000	\$ 1,227,901	\$ 2,077,901
2017	875,000	1,284,955	2,159,955
2018	905,000	1,258,474	2,163,474
2019	930,000	1,231,084	2,161,084
2020	960,000	1,203,223	2,163,223
2021-2025	4,505,000	5,560,829	10,065,829
2026-2030	1,995,000	5,066,620	7,061,620
2031-2035	3,340,000	4,737,090	8,077,090
2036-2040	6,160,000	3,430,642	9,590,642
2041-2044	<u>6,610,000</u>	<u>1,119,198</u>	<u>7,729,198</u>
Total	<u>\$ 27,130,000</u>	<u>\$ 26,120,016</u>	<u>\$ 53,250,016</u>

Special Assessment Bonds payable at September 30, 2015 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 \$ 940,000. The bonds are secured primarily from special assessments levied by the District.	\$ 13,785,000
\$ 4,730,000 Series 2005A-2 Special Assessment Bonds, principal is due annually through May 2026. Interest at 5.50% is due in May and November. Current portion is \$ 205,000. The bonds are secured primarily from special assessments levied by the District.	2,980,000

North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2015

Note 5 - Long-Term Debt (continued)

\$ 6,930,000 Series 2006A Special Assessment Bonds, principal is due in annually through May 2027. Interest at 5.20% is due in May and November. Current portion is \$ 305,000. The bonds are secured primarily from special assessments levied by the District.	4,930,000
\$ 1,575,000 Series 2009 Special Assessment Refunding Bonds, principal is due in a balloon payment in May 2019. Interest at 4.50% is due in May and November. Current portion is \$ 165,000. The bonds are secured primarily from special assessments levied by the District.	710,000
\$ 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 \$ 460,000. The bonds are secured primarily from special assessments levied by the District.	1,910,000
\$ 6,330,000 Series 2014A-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.00% to 6.25% is due in May and November. Current portion is \$ 180,000. The bonds are secured primarily from special assessments levied by the District.	6,160,000
\$ 4,765,000 Series 2014B-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.125% to 6.375% is due in May and November. Current portion is \$ 135,000. The bonds are secured primarily from special assessments levied by the District.	<u>4,640,000</u>
	<u>\$ 35,115,000</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
2016	\$ 2,390,000	\$ 1,916,383	\$ 4,306,383
2017	2,505,000	1,800,921	4,305,921
2018	2,625,000	1,679,363	4,304,363
2019	2,765,000	1,551,691	4,316,691
2020	2,195,000	1,416,683	3,611,683
2021-2025	12,975,000	5,043,273	18,018,273
2026-2030	6,235,000	1,901,358	8,136,358
2031-2034	<u>3,425,000</u>	<u>556,634</u>	<u>3,981,634</u>
Total	<u>\$ 35,115,000</u>	<u>\$ 15,866,306</u>	<u>\$ 50,981,306</u>

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2015**

Note 5 - Long-Term Debt (continued)

Summary of significant bond covenants: The following is a schedule of required reserve deposits as of September 30, 2015:

	<u>Reserve Requirement</u>	<u>Reserve Balance</u>
Series 2005A-1 Special Assessment Bond	1,132,450	1,203,456
Series 2005A-2 Special Assessment Bond	247,042	263,216
Series 2006A Special Assessment Bond	420,295	421,724
Series 2009 Special Assessment Bond	19,483	19,847
Series 2012 Special Assessment Bond	249,928	251,113
Series 2014A-1 Special Assessment Bond	264,578	264,602
Series 2014A-2 Water Management Bond	138,242	138,255
Series 2014B-1 Special Assessment Bond	205,897	205,916
Series 2014B-2 Water Management Bond	105,241	105,251
Series 2014 Water Management Bond	74,367	74,371
Series 2015 Water Management Bond	252,706	252,706

Advanced Refunding: In October 2014, the District issued \$ 6,415,000 in Series 2014 Water Management Refunding Bonds, for the purpose of financing the Series 2010 Water Management Bonds. The refunding of the Series 2010 Water Management Bonds resulted in an economic gain (difference between the present value of the debt payments on the old and new debt), net of District's contribution of approximately \$ 352,000.

In September 2015, the District issued \$ 7,495,000 in Series 2015 Water Management Refunding Bonds, for the purpose of financing the Series 2005A and 2005B Water Management Bonds. The refunding of the Series 2005A and 2005B Water Management Bonds resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt), net of District's contribution of approximately \$ 1,571,000.

The following is a summary of the long-term debt activity of the business-type activities for the year ended September 30, 2015:

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2015</u>	<u>Due Within One Year</u>
Water and sewer revenue and refunding bonds	\$ 47,205,000	\$ -	\$ 1,300,000	\$ 45,905,000	\$ 1,525,000
Total bonds payable	\$ 47,205,000	\$ -	\$ 1,300,000	\$ 45,905,000	\$ 1,525,000

Water and Sewer Revenue Bonds payable at September 30, 2015 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 \$ 1,525,000. 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.

\$ 45,905,000

\$ 45,905,000

**North Springs Improvement District
Notes to Basic Financial Statements
September 30, 2015**

Note 5 - Long-Term Debt (continued)

The annual requirements to amortize the principal and interest of Water and Sewer Revenue Bonds payable as of September 30, 2015 are as follows:

Year Ending September 30,	Principal	Interest	Total
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	2,305,000	1,271,813	3,576,813
2020	2,375,000	1,198,353	3,573,353
2021-2025	13,095,000	4,739,017	17,834,017
2026-2030	15,355,000	2,413,408	17,768,408
2031-2032	6,855,000	226,518	7,081,518
Total	\$ <u>45,905,000</u>	\$ <u>14,095,776</u>	\$ <u>60,000,776</u>

At September 30, 2015, the above Series 2011 Water and Sewer Refunding Revenue Bonds has a reserve balance requirement of \$ 1,799,892 which was met.

Note 6 - Interfund Transactions

Interfund receivables and payables at September 30, 2015 were as follows:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ 5,795	\$ 333,205
206 Debt Service	1,394	-
207 Debt Service	12,101	-
208 Debt Service	-	9,079
209 Debt Service	1,602	-
210 Debt Service	-	10,403
211 Debt Service	-	9,157
212 Debt Service	8,952	-
213 Debt Service	2,163	-
214 Debt Service	1,682	-
215 Debt Service	-	1,842
216 Debt Service	-	1,927
217 Debt Service	17,379	-
313 Capital Projects	-	500
314 Capital Projects	-	500
315 Capital Projects	-	500
316 Capital Projects	-	500
Governmental totals	\$ <u>51,068</u>	\$ <u>367,613</u>
Enterprise funds:		
Water and Sewer Fund	\$ <u>361,818</u>	\$ <u>45,273</u>
Enterprise totals	\$ <u>361,818</u>	\$ <u>45,273</u>
Totals	\$ <u>412,886</u>	\$ <u>412,886</u>

Note 6 - Interfund Transactions (continued)

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:

	Transfer In	Transfer Out
	<u> </u>	<u> </u>
Governmental funds:		
General Fund	\$ 5,548	\$ -
206 Debt Service Fund	7,933,533	822,810
209 Debt Service Fund	-	11
211 Debt Service Fund	6,209,102	627,058
212 Debt Service Fund	-	5,548
215 Debt Service Fund	-	1,084,336
216 Debt Service Fund	-	1,369,271
217 Debt Service Fund	627,058	6,209,102
218 Debt Service Fund	822,810	7,865,313
306 Capital Project Funds	-	68,220
309 Capital Project Funds	11	-
315 Capital Project Funds	1,084,336	-
316 Capital Project Funds	1,369,271	-
	<u> </u>	<u> </u>
Totals	\$ <u>18,051,669</u>	\$ <u>18,051,669</u>

Amounts transferred into the General Fund for renewal and replacement expenditures. The amounts transferred between debt service funds were mostly related to debt payoffs. Transfers into the capital project funds from debt service funds were related to construction expenditures.

Note 7 - Compensated Absences Payable

Employees of the District accumulate unused 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.

The following is a schedule of the changes in compensated absences of the Governmental Funds:

	Balance October 1, 2014	Increase (Decrease)	Balance September 30, 2015	Due Within One Year
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Compensated absences	\$ 26,121	\$ (2,789)	\$ 23,332	\$ 2,333
Total	<u>\$ 26,121</u>	<u>\$ (2,789)</u>	<u>\$ 23,332</u>	<u>\$ 2,333</u>

Note 7 - Compensated Absences Payable (continued)

The following is a schedule of the changes in compensated absences of the Water and Sewer Fund:

	Balance October 1, 2014	Increase (Decrease)	Balance September 30, 2015	Due Within One Year
Compensated absences	\$ 65,450	\$ 23,644	\$ 89,094	\$ 8,909
Total	\$ 65,450	\$ 23,644	\$ 89,094	\$ 8,909

Note 8 - Pension Plan

Previously, the District participated in a multi-employer defined contribution retirement plan sponsored by Coral Springs Improvement District, covering all employees who meet certain age and length-of-service requirements. In fiscal year 2015, the District terminated the defined contribution retirement plan.

Florida Retirement System:

On August 1, 2015, the District joined the Florida Retirement System (FRS). The District purchased past service credit of approximately \$ 2,058,000. The District used approximately \$ 1,250,000 of available funds from the terminated plan for the purchase of past service credit. The District joined the FRS to provide retirement and survivor benefits to all eligible District employees.

General Information - As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Note 8 - Pension Plan (continued)

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Note 8 - Pension Plan (continued)

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular - 7.37% and 7.26%; Special Risk Administrative Support - 42.07% and 32.95%; Special Risk - 19.82% and 22.04%; Senior Management Service - 21.14% and 21.43%; Elected Officers' - 43.24% and 42.27%; and DROP participants - 12.28% and 18.75%. These employer contribution rates include 1.20% and 1.26% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The District's contributions, including employee contributions and past service credit to the FRS Plan totaled approximately \$ 1,841,000 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the District reported no liability for its proportionate share of the Pension Plan's net pension liability as it joined the plan after the calculation was completed.

For the year ended September 30, 2015, the District recognized pension expense of approximately \$ 735,000. At September 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ <u>23,702</u>	\$ <u>-</u>
Total	\$ <u><u>23,702</u></u>	\$ <u><u>-</u></u>

The deferred outflows of resources related to the FRS Plan, totaling \$ 23,702 resulting from District contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Deferred outflows of resources and deferred inflows of resources related to the FRS Plan will be recognized in pension expense as follows:

Year Ended September 30:	
2016	\$ 23,702
Thereafter	None

HIS Plan:

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Note 8 - Pension Plan (continued)

Benefits Provided - For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20% and 1.26%, respectively. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions, including past service credit, to the HIS Plan totaled approximately \$ 241,000 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the District reported no liability for its proportionate share of the HIS Plan's net pension liability as it joined the plan after the calculation was completed.

For the fiscal year ended September 30, 2015, the District recognized pension expense of \$ 96,000. In addition the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 7,509	\$ -
Total	\$ 7,509	\$ -

The deferred outflows of resources related to the HIS Plan, totaling \$ 7,509 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ended September 30:	
2016	\$ 7,509
Thereafter	None

Note 9 - Other Post-Employment Benefits

Plan Description

The District provides a single employer defined benefit post-employment health insurance plan for employees and sworn officers. The plan allows its employees and their beneficiaries, at their own cost and until the attainment of age 62, to continue to obtain health, dental and vision insurance benefits upon retirement. The benefits of the plan conform with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Funding Policy and Annual OPEB Cost

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

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

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	104,000
Interest on net OPEB obligation	15,000
Adjustment to annual required contribution	(31,000)
Annual OPEB cost	<u>88,000</u>
Contributions made (credit for implied subsidy)	<u>(8,000)</u>
Increase in net OPEB obligation	80,000
Net OPEB obligation - beginning of year	363,000
Net OPEB obligation - end of year	<u>\$ 443,000</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, 2015 was:

Annual OPEB cost	\$ 88,000
Percentage of OPEB cost contributed	9%
Net OPEB obligation	\$ 443,000

Note 9 - Other Post-Employment Benefits (continued)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 was as follows:

Actuarial value of plan assets	\$	-
Actuarial accrued liability		<u>455,000</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>455,000</u>
Funded ratio		0%
Covered payroll	\$	<u>2,552,000</u>
UAAL as a percentage of covered payroll		17.8%

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	July 1, 2014
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	8.00% for 2014/2015 graded to 5.50% for 2019/2020
Ultimate rate	5.00% per annum

*Includes inflation at 2.75% per annum

Note 10 - Risk Management

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

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

Note 11 - Subsequent Event

In January 2016, the District issued \$ 15,460,000 in Special Assessment Refunding Bonds, Series 2016 for the purpose of refunding the Special Assessment Bonds, Series 2005A-1 and Special Assessment Bonds, Series 2005A-2. This bond bears an interest rate of 3.35% through maturity on May 1, 2026. Interest payments are due semiannually in May and November, with principal due once a year in May.

Note 12 - Fund Balance (Deficit)

The District has a deficit of \$ 9,157 in the 211 Debt Service Fund as of September 30, 2015. The deficit is due to amounts owed to other funds related to the debt refunding. The District expects the deficit to be eliminated shortly after year end by assessment funding.

REQUIRED SUPPLEMENTARY
INFORMATION

North Springs Improvement District
 Schedule of Funding Progress
 Other Post-Employment Benefits
 September 30, 2015

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%
7/1/2014	-	455,000	455,000	0%	2,552,000	17.8%

* 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

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 accounts for the 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.

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.

2014A-1 Debt Service Fund (213 Debt Service) - The 2014A-1 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2014A-1.

2014A-2 Debt Service Fund (214 Debt Service) - The 2014A-2 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bonds, Series 2014A-2.

2014B-1 Debt Service Fund (215 Debt Service) - The 2014B-1 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2014B-1.

2014B-2 Debt Service Fund (216 Debt Service) - The 2014B-2 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bonds, Series 2014B-2.

2014 Debt Service Fund (217 Debt Service) - The 2014 Debt Service Fund accounts for debt service requirements for the District's outstanding Water Management Bond, Series 2014.

2015 Debt Service Fund (218 Debt Service) - The 2015 Debt Service Fund accounts for debt service requirements for the District's outstanding Water Management Bond, Series 2015.

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.

2014A-1 Capital Projects Fund (313 Capital Projects) - The 2014A-1 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Assessment Area A.

2014A-2 Capital Projects Fund (314 Capital Projects) - The 2014A-2 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Unit Area A.

2014B-1 Capital Projects Fund (315 Capital Projects) - The 2014B-1 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Assessment Area B.

2014B-2 Capital Projects Fund (316 Capital Projects) - The 2014B-2 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Unit Area B.

North Springs Improvement District
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2015

	<u>208</u>	<u>209</u>	<u>210</u>	<u>212</u>	<u>213</u>	<u>214</u>	<u>215</u>	<u>216</u>
	<u>Debt</u>	<u>Debt</u>	<u>Debt</u>	<u>Debt</u>	<u>Debt</u>	<u>Debt</u>	<u>Debt</u>	<u>Debt</u>
	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>
Assets:								
Restricted assets:								
Investments at fair value	\$ 447,006	\$ 762,158	\$ 57,904	\$ 294,319	\$ 333,642	\$ 522,815	\$ 255,628	\$ 407,813
Due from other funds	<u>-</u>	<u>1,602</u>	<u>-</u>	<u>8,952</u>	<u>2,163</u>	<u>1,682</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 447,006</u>	<u>\$ 763,760</u>	<u>\$ 57,904</u>	<u>\$ 303,271</u>	<u>\$ 335,805</u>	<u>\$ 524,497</u>	<u>\$ 255,628</u>	<u>\$ 407,813</u>
Liabilities and								
Fund Balances:								
Liabilities:								
Due to other funds	\$ <u>9,079</u>	\$ <u>-</u>	\$ <u>10,403</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,842</u>	\$ <u>1,927</u>
Total liabilities	<u>9,079</u>	<u>-</u>	<u>10,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,842</u>	<u>1,927</u>
Fund balances:								
Restricted for:								
Debt service	437,927	763,760	47,501	303,271	335,805	524,497	253,786	405,886
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>437,927</u>	<u>763,760</u>	<u>47,501</u>	<u>303,271</u>	<u>335,805</u>	<u>524,497</u>	<u>253,786</u>	<u>405,886</u>
Total liabilities and fund balances	<u>\$ 447,006</u>	<u>\$ 763,760</u>	<u>\$ 57,904</u>	<u>\$ 303,271</u>	<u>\$ 335,805</u>	<u>\$ 524,497</u>	<u>\$ 255,628</u>	<u>\$ 407,813</u>

<u>217</u>	<u>218</u>	<u>306</u>	<u>307</u>	<u>309</u>	<u>313</u>	<u>314</u>	<u>315</u>	<u>316</u>	<u>Total</u>
<u>Debt</u>	<u>Debt</u>	<u>Capital</u>	<u>Capital</u>	<u>Capital</u>	<u>Capital</u>	<u>Capital</u>	<u>Capital</u>	<u>Capital</u>	<u>Nonmajor</u>
<u>Service</u>	<u>Service</u>	<u>Projects</u>	<u>Projects</u>	<u>Projects</u>	<u>Projects</u>	<u>Projects</u>	<u>Projects</u>	<u>Projects</u>	<u>Governmental</u>
									<u>Funds</u>
\$ 258,690	\$ 293,811	\$ -	\$ 2,274,189	\$ 109,313	\$ 838,908	\$ 59,959	\$ 1,139,607	\$ 1,429,081	\$ 9,484,843
<u>17,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,778</u>
<u>\$ 276,069</u>	<u>\$ 293,811</u>	<u>\$ -</u>	<u>\$ 2,274,189</u>	<u>\$ 109,313</u>	<u>\$ 838,908</u>	<u>\$ 59,959</u>	<u>\$ 1,139,607</u>	<u>\$ 1,429,081</u>	<u>\$ 9,516,621</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 25,251</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>25,251</u>
276,069	293,811	-	-	-	-	-	-	-	3,642,313
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,274,189</u>	<u>109,313</u>	<u>838,408</u>	<u>59,459</u>	<u>1,139,107</u>	<u>1,428,581</u>	<u>5,849,057</u>
<u>276,069</u>	<u>293,811</u>	<u>-</u>	<u>2,274,189</u>	<u>109,313</u>	<u>838,408</u>	<u>59,459</u>	<u>1,139,107</u>	<u>1,428,581</u>	<u>9,491,370</u>
<u>\$ 276,069</u>	<u>\$ 293,811</u>	<u>\$ -</u>	<u>\$ 2,274,189</u>	<u>\$ 109,313</u>	<u>\$ 838,908</u>	<u>\$ 59,959</u>	<u>\$ 1,139,607</u>	<u>\$ 1,429,081</u>	<u>\$ 9,516,621</u>

North Springs Improvement District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	208	209	210	212	213	214	215	216
	Debt	Debt	Debt	Debt	Debt	Debt	Debt	Debt
	Service	Service	Service	Service	Service	Service	Service	Service
Revenues:								
Special assessments	\$ 399,189	\$ 562,190	\$ 206,112	\$ 510,831	\$ 564,721	\$ 515,787	\$ 425,786	\$ 402,422
Interest income	35	38	7	28	25	44	42	55
Total revenues	<u>399,224</u>	<u>562,228</u>	<u>206,119</u>	<u>510,859</u>	<u>564,746</u>	<u>515,831</u>	<u>425,828</u>	<u>402,477</u>
Expenditures:								
Debt service:								
Principal	215,000	290,000	160,000	450,000	170,000	-	125,000	-
Interest	175,175	271,440	39,694	54,752	387,600	505,060	297,756	398,163
Bond issuance costs and other fiscal charges	9,426	4,097	4,987	3,717	3,394	3,394	3,394	3,394
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>399,601</u>	<u>565,537</u>	<u>204,681</u>	<u>508,469</u>	<u>560,994</u>	<u>508,454</u>	<u>426,150</u>	<u>401,557</u>
Excess of revenues over (under) expenditures	(377)	(3,309)	1,438	2,390	3,752	7,377	(322)	920
Other Financing Sources (Uses):								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	(11)	-	(5,548)	-	-	(1,084,336)	(1,369,271)
Bond proceeds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(5,548)</u>	<u>-</u>	<u>-</u>	<u>(1,084,336)</u>	<u>(1,369,271)</u>
Net change in fund balances	(377)	(3,320)	1,438	(3,158)	3,752	7,377	(1,084,658)	(1,368,351)
Fund Balances, October 1, 2014	<u>438,304</u>	<u>767,080</u>	<u>46,063</u>	<u>306,429</u>	<u>332,053</u>	<u>517,120</u>	<u>1,338,444</u>	<u>1,774,237</u>
Fund Balances, September 30, 2015	<u>\$ 437,927</u>	<u>\$ 763,760</u>	<u>\$ 47,501</u>	<u>\$ 303,271</u>	<u>\$ 335,805</u>	<u>\$ 524,497</u>	<u>\$ 253,786</u>	<u>\$ 405,886</u>

	217	218	306	307	309	313	314	315	316	Total
	Debt	Debt	Capital	Capital	Capital	Capital	Capital	Capital	Capital	Nonmajor
	Service	Service	Projects	Projects	Projects	Projects	Projects	Projects	Projects	Governmental
										Funds
\$	229,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,816,796
	23	-	7	147	22	122	4	44	55	698
	<u>229,781</u>	<u>-</u>	<u>7</u>	<u>147</u>	<u>22</u>	<u>122</u>	<u>4</u>	<u>44</u>	<u>55</u>	<u>3,817,494</u>
	560,000	-	-	-	-	-	-	-	-	1,970,000
	110,918	-	-	-	-	-	-	-	-	2,240,558
	115,750	158,686	-	-	-	3,000	500	500	500	314,739
	-	-	-	350,508	-	1,463,346	-	-	-	1,813,854
	<u>786,668</u>	<u>158,686</u>	<u>-</u>	<u>350,508</u>	<u>-</u>	<u>1,466,346</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>6,339,151</u>
	(556,887)	(158,686)	7	(350,361)	22	(1,466,224)	(496)	(456)	(445)	(2,521,657)
	627,058	822,810	-	-	11	-	-	1,084,336	1,369,271	3,903,486
	(6,209,102)	(7,865,313)	(68,220)	-	-	-	-	-	-	(16,601,801)
	<u>6,415,000</u>	<u>7,495,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,910,000</u>
	<u>832,956</u>	<u>452,497</u>	<u>(68,220)</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>1,084,336</u>	<u>1,369,271</u>	<u>1,211,685</u>
	276,069	293,811	(68,213)	(350,361)	33	(1,466,224)	(496)	1,083,880	1,368,826	(1,309,972)
	-	-	68,213	2,624,550	109,280	2,304,632	59,955	55,227	59,755	10,801,342
\$	<u>276,069</u>	<u>293,811</u>	<u>-</u>	<u>2,274,189</u>	<u>109,313</u>	<u>838,408</u>	<u>59,459</u>	<u>1,139,107</u>	<u>1,428,581</u>	<u>9,491,370</u>

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 9, 2016.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Fort Lauderdale, Florida
May 9, 2016

INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

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

Report on the Financial Statements

We have audited the financial statements of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2015, and have issued our report thereon dated May 9, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports

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* and Independent Auditor's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 9, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government 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 71-580, as amended. The District does not have any component units.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Monthly Financial Statements

Sections 10.554(1)(i)6.a and 10.556(9), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the District provided monthly financial 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 the District provided monthly financial statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site.

Transparency

Sections 10.554(1)(i)6.b. and 10.556(9), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the District provided a link on its Web site to the Florida Department of Financial Service's Web site to view the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its Web site to the Florida Department of Financial Service's Web site.

Sections 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District posted its tentative and final budgets on its Web site.

Other Matters

Section 10.554(1)(i)2., 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)3., 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 charged with governance. In connection with our audit, we did not have any such findings.

North Springs Improvement District

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 9, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined Norths Spring Improvement District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Keefe McCullough

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Fort Lauderdale, Florida
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