

SOUTH INDIAN RIVER WATER CONTROL DISTRICT



**FINANCIAL STATEMENTS
September 30, 2013**

South Indian River Water Control District

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South Indian River Water Control District

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INTRODUCTORY SECTION

South Indian River Water Control District

Board of Supervisors

September 30, 2013

Michael I. Danchuk	President
Thomas Rice, Sr.	Vice President
Thomas H. Powell	Member
Michael J. Ryan	Member
Stephen Hinkle	Member

Counsel to the District

Terry E. Lewis
William G. Capko
Lewis, Longman & Walker, P.A.
West Palm Beach, Florida

Treasurer

Charles F. Haas
Certified Public Accountant
Palm Beach Gardens, Florida

District Engineer

Amy E. Eason, PE
AECOM, Inc.
Palm City, Florida

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
South Indian River Water Control District
Jupiter, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Indian River Water Control District, Jupiter, Florida ("District") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year partial comparative information has been derived from the District's 2012 financial statements and, in our report dated June 20, 2013, we expressed unmodified opinions on the respective financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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 misstatement, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 and budgetary comparison information 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 basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are 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 January 30, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



January 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of South Indian River Water Control District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of South Indian River Water Control District for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's basic financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

Government-Wide

- During fiscal year 2013, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Please see New Accounting Standards Adopted in Note 1 of the financial statements for additional information.
- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$18,839,074. Of this amount, \$2,183,323 may be used to meet the government's ongoing operations.
- The District's net position decreased by \$550,350 primarily by recognizing the reduction of assessments receivable resulting from the savings achieved by calling \$400,000 of the Water distribution System series 2006 bonds.
- The District's total revenues (on an accrual basis) were \$3,202,172 for the year ended September 30, 2013, a decrease of \$352,843. The prior year's revenue included the reimbursement from the Town of Jupiter of construction costs incurred by the District on behalf of the town.
- The total cost of all of the District's programs was \$3,752,522 a decrease of \$827,146. The decrease was largely due to the write-off in the prior year of unamortized bond issuance costs upon the refunding of the 2001 Section 15 (Egret Landing) Refunding Bonds.

Governmental Funds

- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$3,378,370 a decrease of \$992,136 from the prior year. This decrease was primarily expenditure for capital outlays funded in a prior year.
- At the end of the current fiscal year, the District's assigned fund balances totaled \$1,387,378 or 41% of total fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to South Indian River Water Control District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. All information is presented utilizing the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors should be considered, however, such as the condition of the District's capital assets (canals, culverts, buildings, etc.) to assess the overall health of the District.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 9 – 11 of this report.

Under Governmental Accounting Standards Board (GASB) Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the District is required to report the cost of benefits to retired employees during the time of their employment and how those benefits will be funded. The State requires local governments to provide health care insurance to all retirees either funded by the government or by the retiree at the rate that all remaining employees are charged. The rate charged by insurance companies is blended rather than tiered by age. Thus, a retired employee is charged the same rate as a younger employee creating an implicit benefit. This benefit should be expensed, if material, and disclosed in the financial statement. At September 30, 2013, the actuarial accrued liability was zero.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's funds can be divided into two categories: governmental funds and proprietary funds. The two kinds of funds use different accounting approaches. The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We reconcile the differences between government-wide activities (reported in the statement of net position and the statement of activities) and governmental funds on separate schedules following the respective governmental funds.

At September 30, 2013, the District maintained 20 individual governmental funds: 7 special revenue funds, 10 debt service funds, and 3 capital project funds. Some funds are required by state law. However, the District establishes other funds to help it control and manage money for particular purposes or to show that it is meeting its legal and fiduciary responsibilities. The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Accordingly, 7 major funds are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are reported in these statements as a combined total.

The District uses an internal service fund, (a proprietary fund), to account for services provided to the other funds. Proprietary fund activities are reported in the same accounting basis and measurement focus as the statement of net position and the statement of activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, specifically, budgetary comparisons for the District's three major special revenue funds for which budgets are adopted.

The combining statements referred to earlier in connection with nonmajor governmental

funds are presented immediately following the required supplementary information on budgetary comparisons. Combining fund statements for nonmajor funds can be found on pages 43 – 54 of this report.

The District as a Whole (Government-Wide)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of South Indian River Water Control District, assets exceeded liabilities by \$18,839,074 at the close of the most recent year. The largest portion of the District's net position (46%) represents resources that are subject to restrictions on how they may be used. These resources can be used only for debt service or future construction activities. An additional portion of the District's net position (42%) reflects its investments in capital assets (land, canals and dikes, buildings, machinery and equipment). The District uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. The remaining unrestricted net position, \$2,183,323, may be used to meet ongoing operations.

The following analysis highlights the net position as of September 30, 2013 and 2012:

	2013	2012	Increase (Decrease)	% Change
Current and other assets	\$ 5,449,400	\$ 6,166,440	\$ (717,040)	-12%
Long-term receivables	21,897,296	23,969,440	(2,072,144)	-9%
Intangible assets	710,514	751,494	(40,980)	-5%
Capital assets	15,052,506	15,006,007	46,499	0%
Total assets	43,109,716	45,893,381	(2,783,665)	-6%
Current liabilities	2,024,160	2,175,871	(151,711)	-7%
Non-current debt	22,246,482	24,328,086	(2,081,604)	-9%
Total liabilities	24,270,642	26,503,957	(2,233,315)	-8%
Net position:				
Investment in capital asset	7,962,021	7,122,333	839,688	12%
Restricted for:				
Capital projects	263,454	299,915	(36,461)	-12%
Debt service	8,430,276	9,514,287	(1,084,011)	-11%
Unrestricted	2,183,323	2,452,889	(269,566)	-11%
Total net position	\$ 18,839,074	\$ 19,389,424	\$ (550,350)	-3%

The following analysis highlights the changes in net position for the years ended September 30, 2013 and 2012:

	2013	2012	Increase (Decrease)	% Change
Revenues:				
Program revenues:				
Assessments	\$ 2,994,413	\$ 2,941,074	\$ 53,339	2%
Charges for services	39,646	58,908	(19,262)	-33%
Connection fees	88,891	508,106	(419,215)	-83%
Restricted investment income	11,550	14,463	(2,913)	-20%
General revenues:				
Other income	67,672	32,464	35,208	108%
Total revenues	3,202,172	3,555,015	(352,843)	-10%
Program expenses including direct expenses:				
Water control	980,282	1,005,024	(24,742)	-2%
Road maintenance	1,516,998	1,382,266	134,732	10%
Recreation	25,783	204,365	(178,582)	-87%
Infrastructure financing	1,229,459	1,988,013	(758,554)	-38%
Total program expenses	3,752,522	4,579,668	(827,146)	-18%
Non program expense				
Total expenses	3,752,522	4,579,668	(827,146)	-18%
Increase (decrease) in net position	(550,350)	(1,024,653)	474,303	-46%
Net position, beginning of year	19,389,424	20,414,077	(1,024,653)	-5%
Net position, end of year	\$ 18,839,074	\$ 19,389,424	\$ (550,350)	-3%

Significant Activities

The District continued with its landowner initiated road improvement program with the completion of the 16th plan of improvements and, in response to landowner requests, began development of a 17th plan.

During the year, water control activities included the completion of improvements to the outfall of Canal 3 and access to Canal 6, both serving the Jupiter Farms area. Additionally in a cooperative effort with North Palm Beach Heights Water Control District the District improved the banks of the canal that divides the two entities.

In December 2013, the District issued a note in the amount of \$680,000 for the purpose of funding the construction of the 17th plan of improvements (OGEM and asphalt road improvements). The terms of the refunding note call for annual debt service of approximately \$71,200 per year for 12 years.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Treasurer: Charles F. Haas, CPA, South Indian River Water Control District, 15600 Jupiter Farms Road, Jupiter Florida, 33478.

GOVERNMENT-WIDE

FINANCIAL STATEMENTS

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Net Position

September 30, 2013 and 2012

	2013	2012
Assets:		
Current assets		
Cash and short-term investments - unrestricted	\$ 2,634,862	\$ 3,176,693
Cash and short-term investments - restricted	1,070,438	1,283,515
Receivables:		
Special assessments receivable - current portion - restricted	1,685,950	1,612,471
Due from other governments	12,445	49,779
Accounts receivable	37,515	38,307
Prepaid expenses	8,190	5,675
Total current assets	5,449,400	6,166,440
Noncurrent assets		
Long term receivable - special assessments - restricted	21,897,296	23,969,440
Bond issuance costs, net of \$251,679 and \$292,659 amortization	710,514	751,494
Capital assets not being depreciated:		
Land, canals, easements, and construction in progress	6,917,318	6,687,280
Capital assets being depreciated		
Accumulated depreciation on depreciable capital assets	(2,625,602)	(2,189,606)
Total noncurrent assets	37,660,316	39,726,941
Total assets	\$ 43,109,716	\$ 45,893,381
Liabilities:		
Current liabilities:		
Accounts and contracts payable	\$ 149,869	\$ 276,888
Accrued interest payable	188,341	286,512
Current portion of long-term debt	1,685,950	1,612,471
Total current liabilities	2,024,160	2,175,871
Noncurrent liabilities:		
Bonds payable	13,974,580	14,802,220
Notes payable	8,237,296	9,499,440
Accrued compensated absences	34,606	26,426
Total noncurrent liabilities	22,246,482	24,328,086
Total liabilities	24,270,642	26,503,957
Net Position:		
Investment in capital assets, net of related debt	7,962,021	7,122,333
Restricted for:		
Capital projects	263,454	299,915
Debt service	8,430,276	9,514,287
Unrestricted	2,183,323	2,452,889
Total net position	18,839,074	19,389,424
Total liabilities and net position	\$ 43,109,716	\$ 45,893,381

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Activities

Year Ended September 30, 2013 and 2012

	2013				
	Total	Water Control	Road Maintenance	Park Maintenance	Infrastructure Financing
Expenses:					
Direct expense:					
Physical environment	\$ 907,255	\$ 907,255	\$ -	\$ -	\$ -
Transportation	1,065,146	-	1,065,146	-	-
Recreation	17,549	-	-	17,549	-
Interest on debt	1,033,924	-	-	-	1,033,924
Indirect expenses:					
Depreciation	533,113	73,027	451,852	8,234	-
Other	195,535	-	-	-	195,535
Total expenses	3,752,522	980,282	1,516,998	25,783	1,229,459
Revenues:					
Program revenues:					
Assessments	2,994,413	1,114,461	1,007,324	27,864	844,764
Connection fees	88,891	-	-	-	88,891
Other income	39,646	-	39,646	-	-
Restricted investment earnings	11,550	3,389	2,344	-	5,817
Total program revenues	3,134,500	1,117,850	1,049,314	27,864	939,472
Net program income (expense)	\$ (618,022)	\$ 137,568	\$ (467,684)	2,081	\$ (289,987)
General revenues:					
Gain on sale of equipment	16,423				
Other income	51,249				
Total general revenues	67,672				
Change in net position	(550,350)				
Net position - beginning	19,389,424				
Net position - ending	\$ 18,839,074				

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Activities

Year Ended September 30, 2013 and 2012

	2012				
	Total	Water Control	Road Maintenance	Park Maintenance	Infrastructure Financing
Expenses:					
Direct expenses:					
Physical environment	\$ 928,081	\$ 928,081	\$ -	\$ -	\$ -
Transportation	994,047	-	994,047	-	-
Recreation	204,365	-	-	204,365	-
Interest on debt	1,576,325	-	-	-	1,576,325
Indirect expenses:					
Depreciation	465,162	76,943	388,219	-	-
Other	411,688	-	-	-	411,688
Total expenses	4,579,668	1,005,024	1,382,266	204,365	1,988,013
Revenues:					
Program revenues:					
Assessments	2,941,074	1,102,181	1,027,827	27,149	783,917
Intergovernmental	508,106	-	-	-	508,106
Charges for services - external	58,908	19,200	39,708	-	-
Restricted investment earnings	14,463	3,952	3,725	60	6,726
Total program revenues	3,522,551	1,125,333	1,071,260	27,209	1,298,749
Net program income (expense)	\$ (1,057,117)	\$ 120,309	\$ (311,006)	(177,156)	\$ (689,264)
General revenues:					
Gain on sale of equipment	2,000				
Other income	30,464				
Total general revenues	32,464				
Change in net position	(1,024,653)				
Net position - beginning	20,414,077				
Net position - ending	\$ 19,389,424				

See accompanying notes to financial statements.

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Fund Financial Statements

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Governmental Funds

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Balance Sheet
Governmental Funds
September 30, 2013*

	Special Revenue Funds		
	Water Control Eastside	Water Control Westside	Road Maintenance - Jupiter Farms
Assets:			
Cash and short-term investments	\$ 20,857	\$ 286,926	\$ 704,050
Receivables:			
Special assessments	-	-	-
Due from other governments	-	-	-
Accounts receivable	1,440	5,081	4,175
Total assets	\$ 22,297	\$ 292,007	\$ 708,225
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 5,075	\$ 19,141	\$ 13,408
Unearned revenue	-	-	-
Total liabilities	5,075	19,141	13,408
Fund balances:			
Restricted			
Restricted for debt service	-	-	-
Restricted for future construction	-	-	-
Committed:			
Committed for renewal and replacement			
Assigned	17,222	272,866	694,817
Total fund balances	17,222	272,866	694,817
Total liabilities and fund balances	\$ 22,297	\$ 292,007	\$ 708,225

See accompanying notes to financial statements.

Debt Service Funds			Capital Projects		
Egret Landing Refunding Note	2006 Water Distribution System Bonds	2007 Series A OGEM Road Note	Road Improvement Funds	Other Governmental Funds	Total Governmental Funds
\$ 106,810	\$ 131,943	\$ 116,686	\$ 909,135	\$ 1,142,345	\$ 3,418,752
2,158,640	14,070,000	2,496,257	-	4,858,349	23,583,246
-	12,445	-	-	-	12,445
3,558	7,151	1,434	-	7,176	30,015
\$ 2,269,008	\$ 14,221,539	\$ 2,614,377	\$ 909,135	\$ 6,007,870	\$ 27,044,458
\$ 18	\$ 505	\$ 7	\$ 3,595	\$ 41,093	\$ 82,842
2,158,640	14,070,000	2,496,257	-	4,858,349	23,583,246
2,158,658	14,070,505	2,496,264	3,595	4,899,442	23,666,088
110,350	151,034	118,113	-	452,786	832,283
-	-	-	263,454	253,169	516,623
-	-	-	642,086	-	642,086
-	-	-	-	402,473	1,387,378
110,350	151,034	118,113	905,540	1,108,428	3,378,370
\$ 2,269,008	\$ 14,221,539	\$ 2,614,377	\$ 909,135	\$ 6,007,870	\$ 27,044,458

See accompanying notes to financial statements.

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2013*

Total governmental fund balances \$ 3,378,370

Amounts reported 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 fund statements:

Capital assets	\$ 16,146,942	
Less accumulated depreciation	<u>(1,707,496)</u>	14,439,446

An internal service fund is used by management to charge the costs of certain activities to individual units. The assets and liabilities of the internal service fund are reported in the statement of net position. 813,665

Costs of issuing bonds are capitalized and amortized over the life of the obligation:
Costs of issuance, net of accumulated amortization 710,514

Revenue for special assessments is deferred for fund reporting but is recognized in the government-wide statements at the time the assessment is levied. The deferral is not reported on the government-wide statements. 23,583,246

Some liabilities, including notes and bonds payable, are not due and payable in the current period and therefore they are not reported in the funds statements. Long term liabilities at year-end are:

Bonds & notes payable	(23,897,826)	
Accrued interest on long-term debt	<u>(188,341)</u>	(24,086,167)

Total net position - governmental activities \$ 18,839,074

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2013

	Special Revenue Funds		
	Water Control Eastside	Water Control Westside	Road Maintenance - Jupiter Farms
Revenues:			
Assessments	\$ 241,964	\$ 872,497	\$ 692,167
Charges for services	-	-	9,646
Reimbursement of Connection Fees	-	-	-
Investment income	956	2,375	1,756
Miscellaneous	402	-	-
Total revenues	243,322	874,872	703,569
Expenditures:			
Current:			
Physical environment	229,416	832,763	-
Transportation	-	-	834,711
Recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Other debt service	-	-	-
Total expenditures	229,416	832,763	834,711
Excess (deficiency) of revenues over (under) expenditures	13,906	42,109	(131,142)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	13,906	42,109	(131,142)
Fund balances, beginning of year	3,316	230,757	825,959
Fund balances, end of year	\$ 17,222	\$ 272,866	\$ 694,817

See accompanying notes to financial statements.

Debt Service Funds			Capital Projects		
Egret Landing Refunding Note	2006 Water Distribution System Bonds	2007 Series A OGEM Road Note	Road Improvement Funds	Other Governmental Funds	Total Governmental Funds
\$ 580,109	\$ 1,178,746	\$ 238,641	\$ -	\$ 1,188,954	\$ 4,993,078
-	-	-	-	-	9,646
-	88,891	-	-	-	88,891
829	2,055	662	523	2,588	11,744
-	-	-	-	-	402
580,938	1,269,692	239,303	523	1,191,542	5,103,761
-	-	-	-	-	1,062,179
-	-	-	-	347,308	1,182,019
-	-	-	-	17,549	17,549
-	-	-	219,129	194,121	413,250
502,670	780,000	129,460	-	586,535	1,998,665
77,171	729,931	109,355	-	233,278	1,149,735
5,747	138,209	2,334	-	8,265	154,555
585,588	1,648,140	241,149	219,129	1,387,056	5,977,952
(4,650)	(378,448)	(1,846)	(218,606)	(195,514)	(874,191)
-	-	-	204,977	-	204,977
-	-	-	-	(322,922)	(322,922)
-	-	-	204,977	(322,922)	(117,945)
(4,650)	(378,448)	(1,846)	(13,629)	(518,436)	(992,136)
115,000	529,482	119,959	919,169	1,626,864	4,370,506
\$ 110,350	\$ 151,034	\$ 118,113	\$ 905,540	\$ 1,108,428	\$ 3,378,370

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2013

Net change in fund balances - total governmental funds	\$	(992,136)
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Amounts reported in the statement of activities are different because:

Governmental funds do not include the internal service fund activities which are reported in the statement of activities		316,665
--	--	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		50,290
--	--	--------

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

Special assessment debt issued	\$	
Special assessment debt redeemed		-
Total debt adjustments		2,073,496

Governmental funds report annual collections of debt assessments as revenue, including the portion collected for principal repayment. However, in the statement of activities, the principal repayment portion was recognized as revenue upon adoption of the resolutions authorizing the debt. This category also includes the application of funds collected on behalf of landowners (Connection Fees) which were used to reduce debt payments.		(1,998,665)
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Change in net position of governmental activities	\$	(550,350)
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***Proprietary Fund-
Internal Service Fund***

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Net Position

Internal Service Fund

September 30, 2013

Assets:

Current assets:

Cash and short-term investments	\$	286,548
Accounts receivable		7,500
Prepaid expenses		8,190
Total current assets		302,238

Noncurrent assets:

Equipment		1,531,166
Accumulated depreciation		(918,106)
Total noncurrent assets		613,060

Total assets **\$ 915,298**

Liabilities:

Current liabilities:

Accounts payable and accrued expenses	\$	67,027
Total current liabilities		67,027

Noncurrent liabilities:

Accrued compensated absences		34,606
Total liabilities		101,633

Net Position

Investment in capital assets		613,060
Net position - unrestricted		200,605
Total net position		813,665

Total liabilities and net position **\$ 915,298**

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Internal Service Fund
Year Ended September 30, 2013

Operating revenues:	
Charges for services	\$ 1,626,502
Other	592
Total operating revenues	1,627,094
Operating expenses:	
Personal services	699,066
Materials, supplies, services and other operating expenses	625,639
Depreciation	147,498
Total operating expenses	1,472,203
Operating income	154,891
Nonoperating revenues (expenses):	
Investment income	(194)
Rental income	27,600
Gain on the disposition of equipment	16,423
Transfers in	322,445
Transfers out	(204,500)
Total nonoperating expenses	161,774
Change in net position	316,665
Net position, beginning of year as restated	497,000
Net position, end of year	\$ 813,665

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Cash Flows

Internal Service Fund

Year Ended September 30, 2013

Cash flows from operating activities:	
Cash receipts from quasi-external operating transactions	\$ 1,626,502
Cash payments to suppliers for goods and services	(595,200)
Cash payments to employees for services	(690,886)
Other operating revenues	592
Net cash provided by operating activities	341,008
<hr/>	
Cash flows from capital and related financing activities:	
Purchase of fixed assets	(127,284)
Payment of Interfund loan	(75,000)
Net cash used by capital and related financing activities	(202,284)
<hr/>	
Cash flows from noncapital financing activities	
Interest income (deficit)	(194)
Other income	27,600
Transfers from other funds-net	117,945
Net cash used by noncapital financing activities	145,351
<hr/>	
Net decrease in cash and cash equivalents	284,075
Cash and cash equivalents, beginning of year	2,473
Cash and cash equivalents, end of year	286,548
<hr/>	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	154,891
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	147,498
Decrease in:	
Prepaid expenses	(2,515)
Increase in:	
Accounts payable and accrued expenses	32,954
Accrued compensated absences	8,180
Total adjustments	186,117
Net cash provided by operating activities	\$ 341,008

See accompanying notes to financial statements.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Regulatory Requirements

South Indian River Water Control District (the "District") was originally incorporated as South Indian River Drainage District on July 3, 1923, by decree of the Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, State of Florida, pursuant to Chapter 6458 of the Laws of the State of Florida, approved June 9, 1923. Subsequent legislation has extended the powers granted to the District. The Charter of the District has been codified as Chapter 2001-313, Laws of Florida.

The purpose of the District is to provide surface water management of lands within the District by constructing and maintaining the necessary canals, roads, pumping stations, and other water control structures. The District also has the responsibility for the maintenance and repair of dedicated roads and road rights of way, including swales thereof, within the District, where such maintenance and repair is not performed by other governmental units, and to provide potable water distribution, wastewater collection and park maintenance services to a portion of the District.

The District contains approximately 12,000 acres located in Township 40 South, Range 41 East; Township 41 South, Range 41 East; and Township 41 South, Range 42 East, Palm Beach County, Florida.

Accounting Principles

The accounting methods and procedures adopted by the District conform to U.S. generally accepted accounting principles as applied to governmental entities. The District follows the requirements of GASB Statement No. 34. This statement requires the following to be presented in the financial statements:

Management's discussion and analysis;

Basic Financial Statements:

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting,

Fund financial statements, consisting of a series of statements that focus on a government's major funds,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principles (Continued)

Notes to the financial statements;

Required Supplementary information, which requires budgetary comparison schedules to be presented.

Additionally, GASB Statement No. 34 requires the elimination of the effects of internal service activities and the recording of depreciation for general capital assets.

Comparative Data for 2012

Comparative amounts for 2012 reported in the government-wide statement of net position and statement of activities, are presented only to facilitate financial analysis. These amounts presented for 2012 are not intended to be a complete presentation of comparative financial statements prepared in accordance with generally accepted accounting principles. Certain reclassifications have been made to the 2012 financial statements to conform to the classifications used in 2013.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major individual funds.

Government-wide Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information on all of the activities of the District. Inter-fund activity has been eliminated from these statements. The statement of activities demonstrates the extent to which the direct expenses for a given program or function is offset by program revenues. Program revenues include special assessments levied by the District, miscellaneous charges for external services, and restricted investment income. Unrestricted investment income and certain miscellaneous items are reported as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, and the internal service fund. Major individual governmental funds are reported as separate columns.

The District reported the following seven major individual governmental funds for the year ended September 30, 2013:

Special Revenue Funds

Water Control Eastside

Water Control Westside

Road Maintenance – Jupiter Farms

Debt Service Funds

Egret Landing Refunding Note

2006 Water Distribution System Bonds

2007 Series A OGEM Road Improvement Note

Capital Projects Funds

Road Improvement Funds

Since the principal users of internal services are the District's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities in the government-wide statements. This avoids "doubling up" revenues and expenses.

Basis of Presentation

Government-wide Financial Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Because the government-wide statements are presented on a different measurement focus and basis of accounting than the fund financial statements, reconciliations are presented to explain the adjustments needed to transform the fund-based financial statements into the government-wide presentation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Revenues for expenditure-driven grants or cost sharing arrangements are made when the qualifying expenditures are included.

Assessment and interest revenues associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The District uses the County Property Appraiser and Tax Collector to collect assessments. debt is authorized. Maintenance assessments and annual installments of debt assessments are included Maintenance assessments are levied on October 1 of each year. Debt assessments are levied at the time the related with property tax bills which are mailed on or about November 1 and must be paid by the following March. Tax bills not paid are declared delinquent and tax certificates are sold in July to satisfy the lien. Unsold certificates paid after September 30, are recorded as revenue in the fiscal year received.

Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The reporting model sets forth minimum criteria (percentage of total assets, liabilities, revenues or expenditures of governmental funds) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The District utilizes the following fund types:

Governmental Funds

Special Revenue Funds – These funds are used to account for revenues which are restricted to the maintenance of water control facilities, roads and parks.

Debt Service Funds – These funds are used to account for the payment of interest and principal on long-term debt.

Capital Projects Fund – These funds are used to account for resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund

Internal Service Fund – This fund is used to account for the provision of maintenance services to individual units on a cost reimbursement basis.

Budgets and Budgetary Accounting

The District adopts annual budgets for the Special Revenue and Debt Service Funds that are funded with special assessments on a basis consistent with generally accepted accounting principles (GAAP).

As required by GASB Statement No. 34, budgetary comparison schedules are presented for the major special revenue funds. Budgetary comparison schedules are not required and have not been presented for debt service or capital projects funds or for nonmajor special revenue funds.

Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

The District maintains a cash and investment pool for use by all funds. In addition, investments are separately held and individually accounted for where contractual arrangements or debt covenants provide for and require such arrangements. Investments are stated at fair value (See Note 2).

Special Assessments Receivable/Unearned/Revenue

Special assessments receivable recorded in the Debt Service Funds represent the balance of outstanding assessments levied by the District to repay outstanding debt net of cash and investments in required reserve funds. The assessments are levied at the time the related debt issuance is authorized. The receivables are collected in annual installments together with assessments for interest and collection costs in amounts sufficient to meet the annual debt service requirements.

The District reports unearned revenue in the fund financial statements in an amount equal to the special assessments receivable since this revenue will be collected in future years. In the government-wide financial statements the assessment revenue is recognized at the time the assessments are levied.

Bond Issuance Costs

Costs of issuing bonds are capitalized in the statement of net assets. These costs are amortized as interest expense using the straight line method over the term of the bonds. The amount reported in the statement of net assets for 2013 and 2012 is shown net of \$292,659 and \$251,679 amortization, respectively.

In the fund financial statements, bond issuance costs are reported as debt service expenditures in the year the costs are incurred.

Capital Assets and Depreciation

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received.

Capital assets are defined as assets with a useful life of greater than one year and an acquisition cost of more than \$1,000 for equipment and \$25,000 for infrastructure.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure, such as canals, bridges, culverts and drainage systems, are capitalized along with other general capital assets at historical costs.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

Depreciation of most capital assets is computed by the straight-line method. Estimated useful lives range from 5 to 50 years. The District does not depreciate land, canals, or easements because these assets are considered to be inexhaustible.

Net Position

Net position equals the difference between assets and liabilities. In the government-wide financial statements, net position is categorized in one of three categories as either invested in capital assets, restricted, or unrestricted. Net investment in capital assets are equal to capital assets less accumulated depreciation and related debt. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors, or grantors.

Fund Equity

Governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Supervisors through a resolution are classified as committed fund balances. Amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by District's management based on Board of Supervisors direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within that fund. It is the District's policy to expend restricted funds first when both restricted and unrestricted fund balance is available unless there are legal agreements that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits

The District's policy is to permit employees to accumulate up to 120 hours vacation and up to 480 hours sick leave. The cost of earned but unused vacation leave is accrued as a liability in the period in which the leave is earned. A liability for earned but unused sick leave is accrued to the extent that it is probable, based on the District's experience that the leave will result in cash payments at termination.

Risk Management

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees, and natural disasters. The District purchases commercial insurance for claims for all material risks of loss to which the District is exposed, including general liability, property, and workers' compensation insurance. The District is also covered by Florida Statutes under the doctrine of sovereign immunity, which effectively limits the amount of liability of the District to individual claims of \$200,000/\$300,000 for all claims relating to the same incident. There were no changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards Adopted

During fiscal year 2013, the District adopted two new accounting standards as follows:

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

This Statement incorporates into the GASB's authoritative literature certain guidance that previously could only be found in certain FASB and AICPA pronouncements issued on or before November 30, 1989 and eliminates the selection to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources (previously reported as assets and liabilities) into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

NOTE 2. CASH AND INVESTMENTS

Cash

At September 30, 2013, the carrying amount of cash on hand and on deposit with banks, including interest-bearing accounts, was \$79,123. All of the District's bank deposits including money market accounts and certificates of deposit are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." (the "QPD"). Under the Act, every qualified public depository shall deposit with the Chief Financial Officer eligible collateral of the depository to be held subject to his order. The Chief Financial Officer by rule has established minimum required collateral pledging levels ranging from 25% to 125% of the average monthly balance of public deposits, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At year end, the full amount of the District's bank balances was covered by federal depository insurance or by the QPD program.

Investments

At September 30, 2013 the District's investments were held as follows:

	Fair Value	Credit Risk	Maturity
Money Market Funds	\$ 1,519,830	S&P: BBB	Less than 7 days
Certificates of Deposit	2,106,345	S&P: BBB	51 days
Total	\$ 3,626,175		

Custodial 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 the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The money market mutual funds are not evidenced by securities that exist in physical or book entry form. The governmental obligation mutual funds are held by a fiscal agent in the District's name.

NOTE 2. CASH AND INVESTMENTS (Continued)

Credit risk – For investments, credit risk is generally the risk that an issuer of the investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

NOTE 3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers of resources from a fund receiving revenue to the fund through which the resources will be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and transfers (to) from other funds in the internal service fund. Transfers were made to fund the Road Improvement Fund for equipment renewal and replacements, to consolidate the Equipment Renewal and Replacement fund with the Internal Service fund and to close the 2004 Series C PBCE Road Improvement Fund.

During the year ended September 30, 2013, the District had the following transfers between funds:

	Transfers In	Transfers Out
Major fund:		
Road Improvement Funds	\$ 204,977	
Nonmajor fund:		
2004 Series C PBCE Road Improvement		\$ 477
Equipment Renewal and Replacement		322,445
Proprietary Fund		
Internal Service Fund	322,445	204,500
Totals	\$ 527,422	\$ 527,422

NOTE 4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 388,536	\$ -	\$ -	\$ 388,536
Canal & Dikes	6,298,744	194,122	-	6,492,866
Construction In Progress	-	35,916	-	35,916
Total Capital Assets Not Being Depreciated	6,687,280	230,038	-	6,917,318
Capital Assets Being Depreciated:				
Buildings	188,153	-	-	188,153
Improvements & Infrastructure:	8,835,604	205,867	-	9,041,471
Machinery And Equipment	1,484,576	154,784	(108,194)	1,531,166
Total Capital Assets Being Depreciated	10,508,333	360,651	(108,194)	10,760,790
Accumulated Depreciation:				
Buildings	136,413	4,704	-	141,117
Improvements & Infrastructure:	1,185,468	380,911	-	1,566,379
Equipment	867,725	147,498	(97,117)	918,106
Total Accumulated Depreciation	2,189,606	533,113	(97,117)	2,625,602
Net Capital Assets Being Depreciated	8,318,727	(172,462)	(11,077)	8,135,188
Total Capital Assets, Net	\$ 15,006,007	\$ 57,576	\$ (11,077)	\$ 15,052,506

Depreciation was charged to functions as follows:

Water Control	\$ 73,027
Road Maintenance	451,852
Park Maintenance	8,234
Total depreciation expense	\$ 533,113

NOTE 5. LONG-TERM OBLIGATION

Changes in long-term obligations for the year ended September 30, 2013, are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Special Assessment Bonds	\$ 14,850,000	\$ -	\$ 780,000	\$ 14,070,000
Special Assessment Notes	10,731,911	-	1,218,665	9,513,246
Long-term liabilities	\$ 25,581,911	\$ -	\$ 1,998,665	\$ 23,583,246

The bonds and notes are limited obligations of the District and are collateralized solely by special assessments levied upon the lands benefited.

Provisions of Bond Resolutions

The District entered into covenants with the bond holders to bill annual assessments sufficient to pay the debt service on the bonds. Additionally, the District was required to establish a reserve account or at the time of issuance purchase a reserve account surety bond. The amounts on deposit in these accounts or the proceeds from a surety bond may be used only for the purpose of paying the principal of and interest on the bonds when assessments are not sufficient to meet the debt service requirements when due. The bond resolution specify minimum amounts to be maintained in the reserve account. In order to meet the reserve requirements under the bonds and upon the issuance of the 2006 Water Distribution Bonds the District acquired a financial guaranty insurance policy that in case of default would repay the principal amount on the bonds. The Debt Service Reserve Surety Bond would pay up to \$1,672,238, (the reserve amount), toward principal and interest in the event the District is unable to make such payment when due. The insurer of the 2006 Bonds (MBIA) experienced financial difficulties. Effective January 1, 2010 MBIA transferred its obligations for these policies (including the Series 2006 Bonds) to a newly created subsidiary, National Public Finance Guarantee Corporation (“National”). On May 10, 2013 S&P Rating Service issued an A rating on National. At September 30, 2013, the District was in compliance with such covenants.

NOTE 5. LONG-TERM OBLIGATION (Continued)

Long-term debt at September 30, 2013 consisted of the following:

Special Assessment Bonds

\$18,600,000 2006 Special Assessment Revenue Improvement Bonds (Palm Beach Country Estates Water Distribution System) Series A and B due in an annual installments ranging from \$410,000 to \$1,315,000 through August 1, 2031 with interest ranging from 4.00% to 5.00% payable semi-annually on February 1st and August 1st of each year. \$ 14,070,000

Total Special Assessment Bonds \$ 14,070,000

Notes Payable

Terms of the District's Improvement Notes require the District to levy annual assessments on the benefitted property sufficient to pay the debt service on the notes. The notes are secured by and payable solely from these annual assessments.

\$311,781 2002 Jupiter Park of Commerce, Phase IIA Section 9 Improvement Note with a final installment of \$31,515 due on August 1, 2014, with interest at 3.96% payable semi-annually on February 1, 2014 and August 1, 2014. \$ 31,515

\$916,138 2002 Jupiter Park of Commerce, Phase IIB Section 9 Improvement Note with a final installment of \$92,958 due on August 1, 2014, with interest at 3.96% payable semi-annually on February 1, 2014 and August 1, 2014. 92,958

\$2,200,000 2004 Series A OGEM Road Improvement Note due in level annual installments of principal and interest of \$229,544 payable on April 1st of each year. Interest is computed at 3.64% per annum with a final maturity on April 1, 2017. 840,340

\$400,000 2004 Series B Unit 18 OGEM Road Improvement Note due in level annual installments of principal and interest of \$42,079 payable on April 1st of each year. Interest is computed at 3.78% per annum with a final maturity on April 1, 2017. 153,536

NOTE 5. LONG-TERM OBLIGATION (Continued)

<p>\$400,000 2004 Series C PBCE Road Improvement Note due in level annual installments of principal and interest of \$35,876 payable on April 1st of each year. Interest is computed at 3.96% per annum with a final maturity on April 1st, 2020.</p>	<p>215,648</p>
<p>\$3,200,000 2007 OGEM Road Improvement Note due in annual installments of \$134,970 to \$229,272 through August 1, 2027, with interest at 4.16% payable semi-annually on February 1st and August 1st of each year.</p>	<p>2,496,257</p>
<p>\$2,330,000 2009 PBCE Hookup Financing Note due in annual installments of \$136,000 to \$196,000 through August 1, 2023 with interest at 4.17% per annum is payable semi-annually on February 1st and August 1st of each year. A final installment of \$199,000 plus interest at 4.17% per annum is due on July 20, 2024.</p>	<p>1,839,442</p>
<p>\$1,875,000 2011 Road Improvement Note due in annual installments of \$100,890 to \$162,880 through August 1, 2026, with interest at 4.07% payable semi-annually on February 1st and August 1st of each year.</p>	<p>1,684,910</p>
<p>\$3,150,000, 2011 Egret Landing Refunding Note due in annual installments of \$5517,670. to \$562,720 through August 1, 2017, with interest at 2.86% payable semi-annually on February 1st and August 1st of each year.</p>	<p>\$ 2,158,640</p>
<hr/>	
<p>Total Long-Term Notes</p>	<p>9,513,246</p>
<hr/>	
<p>Total Long-Term Obligations</p>	<p>\$ 23,583,246</p>
<hr/>	
<p>Reported in the statement of net assets as:</p>	
<p>Total long-term obligations</p>	<p>\$ 23,583,246</p>
<p>Add deferred charges</p>	<p>314,580</p>
<p>Less current portion</p>	<p>(1,685,950)</p>
<hr/>	
<p>Noncurrent portion</p>	<p>\$ 22,211,876</p>
<hr/>	

NOTE 5. LONG-TERM OBLIGATION (Continued)

Changes in long-term obligations for the year ended September 30, 2013, are summarized below:

	2006 PBCE Water Distribution System Bonds
Long-term obligations October 1, 2012	\$ 14,850,000
Bonds/notes retired	(780,000)
Long-term obligations, September 30, 2013	\$ 14,070,000

Debt service requirements to maturity are as follows:

	2006 PBCE Water Distribution System Bonds
2014	\$ 1,106,232
2015	1,133,000
2016	1,155,500
2017	1,180,750
2018	1,203,500
2019-2023	6,408,474
2024-2028	7,105,004
2029-2033	2,223,886
Totals	21,516,346
Less amount representing interest	7,446,346
Totals	\$ 14,070,000

NOTE 5. LONG-TERM OBLIGATION (Continued)

Changes in long-term obligations for the year ended September 30, 2013, are summarized below:

	2002 Refunding Notes Section 9	2004 Road Improvement Notes Series A, B & C	2007 OGEM Road Resurfacing Notes	2009 PBCE Hookup Financing Program
Long-term obligations October 1, 2012	\$ 244,537	\$ 1,462,741	\$ 2,625,717	\$ 1,970,000
Bonds/notes issued				
Bonds/notes retired	(120,064)	(253,217)	(129,460)	(130,558)
Long-term obligations, September 30, 2013	\$ 124,473	\$ 1,209,524	\$ 2,496,257	\$ 1,839,442

Debt service requirements to maturity are as follows:

Long-term obligations, September 30, 2013	2002 Refunding Notes Section 9	2004 Road Improvement Notes Series A, B & C	2007 OGEM Road Resurfacing Notes	2009 PBCE Hookup Financing Program
2014	\$ 129,402	\$ 307,499	\$ 238,814	\$ 212,705
2015	-	307,498	238,815	212,034
2016	-	307,499	238,814	212,154
2017	-	307,500	238,815	212,024
2018	-	35,876	238,815	212,644
2019-2023	-	71,752	1,194,073	1,061,594
2024-2028	-	-	955,378	206,554
2029-2033	-	-	-	-
Totals	129,402	1,337,624	3,343,524	2,329,709
Less amount representing interest	4,929	128,100	847,267	490,267
Totals	\$ 124,473	\$ 1,209,524	\$ 2,496,257	\$ 1,839,442

NOTE 5. LONG-TERM OBLIGATION (Continued)

2011 Road Improvement	2011 Egret Landing Refunding	Total Notes Payable	Total Notes and Bonds Payable	Amount Representing Principal
\$ 1,767,606	\$ 2,661,310	\$ 10,731,911	\$ 25,581,911	\$ 25,581,911
(82,696)	(502,670)	(1,218,665)	(1,998,665)	(1,998,665)
\$ 1,684,910	\$ 2,158,640	\$ 9,513,246	\$ 23,583,246	\$ 23,583,246

2011 Road Improvement	2011 Egret Landing Refunding	Total Notes Payable	Total Notes and Bonds Payable	Amount Representing Interest	Amount Representing Principal
\$ 169,466	\$ 579,645	\$ 1,637,531	\$ 2,743,763	\$1,057,813	\$ 1,685,950
169,460	579,432	1,507,239	2,640,239	999,571	1,640,668
169,467	579,308	1,507,242	2,662,742	935,682	1,727,060
169,459	579,037	1,506,835	2,687,585	867,888	1,819,697
169,461	-	656,796	1,860,296	796,156	1,064,140
847,327	-	3,174,746	9,583,220	3,179,347	6,403,873
508,442	-	1,670,374	8,775,378	1,548,520	7,226,858
-	-	-	2,223,886	208,886	2,015,000
2,203,082	2,317,422	11,660,763	33,177,109	9,593,863	23,583,246
518,172	158,782	2,147,517	9,593,863	(9,593,863)	-
\$ 1,684,910	\$ 2,158,640	\$ 9,513,246	\$ 23,583,246	-	\$ 23,583,246

NOTE 6. RETIREMENT PLANS

Defined Benefit Plan

The District contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan. FRS was created by the Florida Legislature, and is administered by the State of Florida, Department of Administration, Division of Retirement. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State Constitution and Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis. FRS issues a publicly available financial report that may be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Since July 1, 2012 plan members are required to contribute 3% of their eligible compensation to the Plan. For the year ended September 30, 2013, the District was required to contribute 5.18% to June 30, 2013 and subsequent to that date, 6.95% of the annual covered salary for the regular member class. The District's contributions to FRS for the years ended September 30, 2013, 2012, and 2011 were \$2,986, \$4,233 and \$20,893, respectively, equal to the required contributions for each year.

This plan was closed for all new employees hired after December 31, 1995. As of September 30, 2013 there was one participant in the plan.

Defined Contribution Plan

The District participates in a defined contribution pension plan established to provide benefits at retirement to eligible employees hired after January 1, 1996. At September 30, 2013, there were 14 plan members. The District's total payroll for all employees was \$570,728 and those covered by the plan was \$442,344. The District is required to contribute 10% of the annual covered payroll. Plan members are not required to contribute. Plan provisions and contribution requirements are established and may be amended by the District's Board of Supervisors.

NOTE 7. COMMITMENTS & SUBSEQUENT EVENTS

Advance to Town of Jupiter

In June 2005, the District entered into an agreement with the Town of Jupiter (the "Town") to provide water service to a portion of land within the District, (Palm Beach Country Estates Community located within the Unit of Development RI-13 Project Area). The terms of the agreement required the District to pay approximately 50% of the connection fees capacity charges and other fees for 1,400 connections totaling \$3,038,952.

NOTE 7. COMMITMENTS & SUBSEQUENT EVENTS (Continued)

Advance to Town of Jupiter (continued)

Pursuant to this agreement and from proceeds of the Series 2006 Bonds, the District paid \$2,488,952 to the Town as prepaid connection charges. This amount represents the total required connection charges due to the Town, less an applied credit of \$550,000 for the District's construction of certain portions of the water system. Upon hookup of each individual connection the landowner will be responsible for the payment of all connection fees on the property. The Town will reimburse the District the portion of the fees paid.

On March 26, 2012 the District and the Town extended their cooperative agreement for a period of three years with an option to renew for an additional three year period. Under the terms of the agreement the Town will continue to offer the fee schedule specified in the original agreement and will continue to reimburse the District for new connections. The Town will also initiate a program to landowners to facilitate the financing of hookups similar to the Hookup Financing program offered by the District between 2009 and 2012. The District's will collect the assessments from the affected landowners and turn the net proceeds over to the Town. The District assumes no liability for the this service. During the year the District received \$88,891 from this program .Also as part of this extension agreement the Town reimbursed the District for costs associated with constructing water lines for the Town.

At September 30, 2013 the District had received \$2,525,924 from inception from the Town as reimbursement for prepaid connection fees and construction costs.

Using funds received from the above agreement and surplus construction funds the District called \$2,150,000 and \$400,000 of the Series 2006B bonds on August 1, 2010 and 2013, respectively,

Funding of 17th Plan of Improvements

In December 2013, the District issued a note in the amount of \$680,000 for the purpose of funding the construction of the 17th plan of improvements (OGEM and asphalt road improvements). The terms of the refunding note call for annual debt service of approximately \$71,200 per year for 12 years.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities

The District will be implementing GASB 65 in fiscal year 2014. The effect on fiscal year 2013 had the implementation of GASB 65 occurred earlier would have resulted in a decrease in expenses of the governmental activities by \$292,659. The effect of the adoption of GASB 65 in fiscal year 2014 will be the reduction of beginning net position by \$710,514.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Budgetary Comparison Schedule

Water Control Eastside - Special Revenue Fund

Year Ended September 30, 2013

	Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
Revenues:				
Assessments	\$ 235,200	\$ 235,200	\$ 241,964	\$ 6,764
Investment income	-	-	956	956
Miscellaneous	-	-	402	402
Total revenues	235,200	235,200	243,322	8,122
Expenditures:				
Current:				
Physical environment	228,475	232,000	229,416	2,584
Total expenditures	228,475	232,000	229,416	2,584
Excess (deficiency) of revenues over (under) expenditures	6,725	3,200	13,906	10,706
Other financing uses:				
Transfers in	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balance	6,725	3,200	13,906	10,706
Fund balances, beginning of year	22,528	3,316	3,316	-
Fund balances, end of year	\$ 29,253	\$ 6,516	\$ 17,222	\$ 10,706

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Budgetary Comparison Schedule

Water Control Westside - Special Revenue Fund

Year Ended September 30, 2013

	Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
Revenues:				
Assessments	\$ 843,800	\$ 844,800	\$ 872,497	\$ 27,697
Investment income	200	200	2,375	2,175
Total revenues	844,000	845,000	874,872	29,872
Expenditures:				
Current:				
Physical environment	787,875	845,000	832,763	12,237
Total expenditures	787,875	845,000	832,763	12,237
Net change in fund balance	56,125	-	42,109	42,109
Fund balances, beginning of year	117,088	230,757	230,757	-
Fund balances, end of year	\$ 173,213	\$ 230,757	\$ 272,866	\$ 42,109

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT
Budgetary Comparison Schedule
Road Maintenance- Jupiter Farms - Special Revenue Fund
Year Ended September 30, 2013

	Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
Revenues:				
Assessments	\$ 691,200	\$ 691,200	\$ 692,167	\$ 967
Charges for services	12,000	12,000	9,646	(2,354)
Investment income	1,500	1,500	1,756	256
Miscellaneous	-	-	-	-
Total revenues	704,700	704,700	703,569	(1,131)
Expenditures:				
Current:				
Transportation	912,845	875,000	834,711	40,289
Total expenditures	912,845	875,000	834,711	40,289
Net change in fund balance	(208,145)	(170,300)	(131,142)	39,158
Fund balances, beginning of year	664,845	825,959	825,959	-
Fund balances, end of year	\$ 456,700	\$ 655,659	\$ 694,817	\$ 39,158

See accompanying notes to financial statements.

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**COMBINING FINANCIAL
STATEMENTS**

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet
Other Governmental Funds
September 30, 2013*

		Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Assets:					
Cash and short-term investments	\$	423,655	\$ 447,675	\$ 271,015	\$ 1,142,345
Receivables:					
Special assessments		-	4,858,349	-	4,858,349
Accounts receivable		2,039	5,137	-	7,176
Total assets	\$	425,694	\$ 5,311,161	\$ 271,015	\$ 6,007,870
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued expenses	\$	23,221	\$ 26	\$ 17,846	\$ 41,093
Unearned revenue		-	4,858,349	-	4,858,349
Total liabilities		23,221	4,858,375	17,846	4,899,442
Fund balances:					
Restricted					
Restricted for debt service		-	452,786	-	452,786
Restricted for future construction		-	-	253,169	253,169
Assigned		402,473	-	-	402,473
Total fund balances		402,473	452,786	253,169	1,108,428
Total liabilities and fund balances	\$	425,694	\$ 5,311,161	\$ 271,015	\$ 6,007,870

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2013*

	PBCE Road Maintenance	PBCE Park Maintenance	Egret Landing Maintenance
Assets:			
Cash and short-term investments	\$ 336,828	\$ 10,480	\$ 28,874
Receivables:			
Special assessments	-	-	-
Accounts receivable	1,873	166	-
Total assets	\$ 338,701	\$ 10,646	\$ 28,874
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 4,498	\$ 22	\$ 18,701
Unearned revenue	-	-	-
Total liabilities	4,498	22	18,701
Fund balances:			
Assigned	334,203	10,624	10,173
Total fund balances	334,203	10,624	10,173
Total liabilities and fund balances	\$ 338,701	\$ 10,646	\$ 28,874

See accompanying notes to financial state ments.

Jupiter Park of Commerce	Total Nonmajor Special Revenue Funds
\$ 47,473	\$ 423,655
-	2,039
\$ 47,473	\$ 425,694
\$ -	\$ 23,221
-	23,221
47,473	402,473
47,473	402,473
\$ 47,473	\$ 425,694

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2013*

	2002 Refunding Notes Section 9 Phase IIA	2002 Refunding Notes Section 9 Phase IIB	2004 Series A OGEM Road Improvement Note	2004 Series B Section 18 Road Improvement Note
Assets:				
Cash and short-term investments	\$ 37,594	\$ 109,621	\$ 43,239	\$ 37,665
Receivables:				
Special assessments	31,515	92,958	840,340	153,536
Accounts receivable	-	636	1,447	256
Total assets	\$ 69,109	\$ 203,215	\$ 885,026	\$ 191,457
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses \$	-	\$ 3	\$ 8	\$ 1
Unearned revenue	31,515	92,958	840,340	153,536
Total liabilities	31,515	92,961	840,348	153,537
Fund balances:				
Restricted				
Restricted for debt service	37,594	110,254	44,678	37,920
Total fund balances	37,594	110,254	44,678	37,920
Total liabilities and fund balances	\$ 69,109	\$ 203,215	\$ 885,026	\$ 191,457

See accompanying notes to financial statements.

2004 Series C PBCE Road Improvement Note	2009 PBCE Hookup Financing Note	2011 Road Improvement Note	Total Nonmajor Debt Service Funds
\$ 15,835	\$ 152,190	\$ 51,531	\$ 447,675
215,648	1,839,442	1,684,910	4,858,349
291	1,374	1,133	5,137
\$ 231,774	\$ 1,993,006	\$ 1,737,574	\$ 5,311,161
\$ 2	\$ 7	\$ 5	\$ 26
215,648	1,839,442	1,684,910	4,858,349
215,650	1,839,449	1,684,915	4,858,375
16,124	153,557	52,659	452,786
16,124	153,557	52,659	452,786
\$ 231,774	\$ 1,993,006	\$ 1,737,574	\$ 5,311,161

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Combining Balance Sheet

Nonmajor Capital Projects Funds

September 30, 2013

	1988 Drainage Plan	Total Nonmajor Capital Projects
Assets:		
Cash and short-term investments	\$ 271,015	\$ 271,015
Total assets	\$ 271,015	\$ 271,015
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued expenses	17,846	17,846
Total liabilities	17,846	17,846
Fund balances:		
Restricted		
Restricted for future construction	\$ 253,169	\$ 253,169
Total fund balances	253,169	253,169
Total liabilities and fund balances	\$ 271,015	\$ 271,015

See accompanying notes to financial statements.

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SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Governmental Funds
Year Ended September 30, 2013*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Revenues:				
Assessments	\$ 343,021	\$ 845,933	\$ -	\$ 1,188,954
Investment income	612	1,913	63	2,588
Total revenues	343,633	847,846	63	1,191,542
Expenditures:				
Current:				
Transportation	347,308	-	-	347,308
Recreation	17,549	-	-	17,549
Capital outlay	-	-	194,121	194,121
Debt service:				
Principal retirement	-	586,535	-	586,535
Interest and fiscal charges	-	233,278	-	233,278
Other debt service	-	8,265	-	8,265
Total expenditures	364,857	828,078	194,121	1,387,056
Excess (deficiency) of revenues over (under) expenditures	(21,224)	19,768	(194,058)	(195,514)
Other financing sources (uses):				
Transfers out	-	(477)	(322,445)	(322,922)
Total other financing sources (uses)	-	(477)	(322,445)	(322,922)
Net change in fund balance	(21,224)	19,291	(516,503)	(518,436)
Fund balances, beginning of year	423,697	433,495	769,672	1,626,864
Fund balances, end of year	\$ 402,473	\$ 452,786	\$ 253,169	\$ 1,108,428

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended September 30, 2013*

	PBCE Road Maintenance	PBCE Park Maintenance	Egret Landing Maintenance
Revenues:			
Assessments	\$ 315,157	\$ 27,864	\$ -
Investment income	613	(2)	1
Total revenue	315,770	27,862	1
Expenditures:			
Current:			
Transportation	342,453	-	4,855
Recreation	-	17,549	-
Total expenditures	342,453	17,549	4,855
Excess (deficiency) of revenues over (under) expenditures	(26,683)	10,313	(4,854)
Net change in fund balance	(26,683)	10,313	(4,854)
Fund balances, beginning of year	360,886	311	15,027
Fund balances, end of year	\$ 334,203	\$ 10,624	\$ 10,173

See accompanying notes to financial statements.

Jupiter Park of Commerce	Total Nonmajor Special Revenue Funds
\$ -	\$ 343,021
-	612
-	343,633
-	347,308
-	17,549
-	364,857
-	(21,224)
-	(21,224)
47,473	423,697
\$ 47,473	\$ 402,473

See accompanying notes to financial statement s.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Debt Service Funds
Year Ended September 30, 2013*

	2002 Refunding Notes Section 9 Phase IIA	2002 Refunding Notes Section 9 Phase IIB	2004 Series A OGEM Road Improvement Note	2004 Series B Section 18 Road Improvement Note
Revenues:				
Assessments	\$ -	\$ 102,128	\$ 238,569	\$ 43,448
Investment income	18	280	443	120
Total revenues	18	102,408	239,012	43,568
Expenditures:				
Debt service:				
Principal retirement	30,485	89,578	191,969	34,954
Interest and fiscal charges	2,458	7,217	37,471	7,105
Other debt service	-	1,015	2,372	424
Total expenditures	32,943	97,810	231,812	42,483
Excess (deficiency) of revenues over (under) expenditures	(32,925)	4,598	7,200	1,085
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(32,925)	4,598	7,200	1,085
Fund balances, beginning of year	70,519	105,656	37,478	36,835
Fund balances, end of year	\$ 37,594	\$ 110,254	\$ 44,678	\$ 37,920

See accompanying notes to financial statements.

2004 Series C PBCE Road Improvement Note	2009 PBCE Hookup Financing Note	2011 Road Improvement Note	Total Nonmajor Debt Service Funds
\$ 47,873	\$ 226,400	\$ 187,515	\$ 845,933
80	514	458	1,913
47,953	226,914	187,973	847,846
26,295	130,558	82,696	586,535
9,554	82,708	86,765	233,278
475	2,208	1,771	8,265
36,324	215,474	171,232	828,078
11,629	11,440	16,741	19,768
(477)	-	-	(477)
(477)	-	-	(477)
11,152	11,440	16,741	19,291
4,972	142,117	35,918	433,495
\$ 16,124	\$ 153,557	\$ 52,659	\$ 452,786

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended September 30, 2013*

	1988 Drainage Plan	Equipment Renewal & Replacement	Total Nonmajor Capital Projects
Revenues:			
Investment income	63		63
Total revenues	63		63
Expenditures:			
Capital outlay	194,121		194,121
Total expenditures	194,121		194,121
Excess (deficiency) of revenues over (under) expenditures	(194,058)		(194,058)
Other financing sources (uses):			
Transfers out	-	(322,445)	(322,445)
Total other financing sources (uses)	-	(322,445)	(322,445)
Net change in fund balance	(194,058)	(322,445)	(516,503)
Fund balances, beginning of year	447,227	322,445	769,672
Fund balances, end of year	\$ 253,169	-	\$ 253,169

See accompanying notes to financial statements.

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REQUIRED REPORTS



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

To the Board of Supervisors
South Indian River Water Control District
Jupiter, 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 statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Indian River Water Control District, Jupiter, Florida (the "District") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated January 30, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 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.

Gram & Associates

January 30, 2014



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
South Indian River Water Control District
Jupiter, Florida

We have audited the accompanying basic financial statements of South Indian River Water Control District, Jupiter, Florida ("District") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated January 30, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* and Chapter 10.550, Rules of the Florida Auditor General dated January 30, 2014. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of South Indian River Water Control District, Jupiter, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank South Indian River Water Control District, Jupiter, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates
January 30, 2014

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

2011-01 and 2012-01 Budget

Current Status: Recommendation has been implemented.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2012, except as noted above.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2013.

4. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2013.

5. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

6. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2013 financial audit report.

7. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

8. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.