



South Indian River
*Water Control District*TM

FINANCIAL STATEMENTS
September 30, 2015

South Indian River Water Control District

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| INTRODUCTORY SECTION | |
| Board of Supervisors | i |
| FINANCIAL SECTION | |
| INDEPENDENT AUDITORS REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) | 3 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statements of Net Position | 9 |
| Statements of Activities | 10 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet | 12 |
| Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 15 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 17 |
| Proprietary Fund – Internal Service Fund | |
| Statement of Net Position | 18 |
| Statement of Revenues, Expenses, and Changes in Net Position | 19 |
| Statement of Cash Flows | 20 |
| Notes to Basic Financial Statements | 21 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule – Water Control Eastside-Special Revenue Fund | 40 |
| Budgetary Comparison Schedule – Water Control Westside-Special Revenue Fund | 41 |
| Budgetary Comparison Schedule – Road Maintenance Jupiter Farms -Special Revenue Fund | 42 |

South Indian River Water Control District

TABLE OF CONTENTS

(Continued)

| | |
|---|----|
| Combining Balance Sheet | |
| Other Governmental Funds | 43 |
| Nonmajor Special Revenue Funds | 44 |
| Nonmajor Debt Service Funds | 46 |
| Nonmajor Capital Projects Funds | 48 |
| | |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | |
| Other Governmental Funds | 49 |
| Nonmajor Special Revenue Funds | 50 |
| Nonmajor Debt Service Funds | 52 |
| Nonmajor Capital Projects Funds | 54 |
| | |
| REQUIRED REPORTS | |
| | |
| Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and other matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 55 |
| | |
| Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes | 57 |
| | |
| Management Letter | 58 |

INTRODUCTORY SECTION

South Indian River Water Control District

Board of Supervisors

September 30, 2015

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

Manager of Operations

Michael Dillon
Jupiter, Florida

Counsel to the District

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

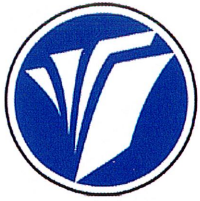
Treasurer

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year partial comparative information has been derived from the District's 2014 financial statements and, in our report dated March 3, 2015, 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, 2015, 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 March 29, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 29, 2016, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

B. Shaw & Associates

March 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of South Indian River Water Control District (the 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, 2015. 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

- At September 30, 2015 the assets of the District exceeded its liabilities by \$18,691,162. Of this amount, \$1,493,849 may be used to meet the District's ongoing operations.
- The District's net position decreased by \$26,204 primarily from a planned draw down of surplus funds.
- The District's total revenues (on an accrual basis) were \$3,539,520 for the year ended September 30, 2015, a decrease of \$664,535. The decrease is primarily due to the recognizing of assessment revenue for new infrastructure improvement projects in the prior year with no new project assessments being levied in the current year
- The total cost of all of the District's programs was \$3,565,724 a decrease of \$49,525. The decrease was largely due the reduction of infrastructure financing costs.

Governmental Funds

- At September 30, 2015, the District's governmental funds reported combined ending fund balances of \$3,326,851 a decrease of \$285,602 from the prior year. This decrease was primarily from a planned draw down of surplus funds.
- At the end of the current fiscal year, the District's assigned fund balances totaled \$1,552,894 or 47% 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 of Florida 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, 2015, 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, 2015, the District maintained 18 individual governmental funds: 7 special revenue funds, 9 debt service funds, and 2 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 \$18,691,162 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 (46%) reflects its investments in capital assets (land, canals, levees, 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, \$1,493,849, may be used to meet ongoing operations.

The following analysis highlights the net position as of September 30, 2015 and 2014:

| | 2015 | 2014 | Increase (Decrease) | % Change |
|----------------------------------|---------------|---------------|------------------------|-------------|
| Current and other assets | \$ 5,698,917 | \$ 5,787,013 | \$ (88,096) | -2% |
| Long-term receivables | 19,066,608 | 20,843,088 | (1,776,480) | -9% |
| Capital assets | 15,373,389 | 15,292,760 | 80,629 | 1% |
| Total assets | 40,138,914 | 41,922,861 | (1,783,947) | -4% |
| Current liabilities | 2,070,869 | 2,039,922 | 30,947 | 2% |
| Non-current debt | 19,376,883 | 21,165,573 | (1,788,690) | -8% |
| Total liabilities | 21,447,752 | 23,205,495 | (1,757,743) | -8% |
| Net position:: | | | | |
| Net Investment in capital assets | 8,638,444 | 7,166,798 | 1,471,646 | 21% |
| Restricted for: | | | | |
| Capital projects | 289,635 | 329,092 | (39,457) | -12% |
| Debt service | 8,269,234 | 8,810,995 | (541,761) | -6% |
| Unrestricted | 1,493,849 | 2,410,481 | (916,632) | -38% |
| Total net position | \$ 18,691,162 | \$ 18,717,366 | \$ (26,204) | 0% |

The following analysis highlights the changes in net position for the years ended September 30, 2015 and 2014:

| | 2015 | 2014 | Increase (Decrease) | % Change |
|--|----------------------|----------------------|------------------------|-------------|
| Revenues: | | | | |
| Program revenues: | | | | |
| Assessments | \$ 3,374,773 | \$ 4,002,314 | \$ (627,541) | -16% |
| Charges for services | 50,650 | 50,911 | (261) | -1% |
| Connection fees | 85,335 | 81,780 | 3,555 | |
| Restricted investment income | 8,730 | 10,658 | (1,928) | -18% |
| General revenues: | | | | |
| Other income | 41,124 | 58,392 | (17,268) | -30% |
| Total revenues | <u>3,560,612</u> | <u>4,204,055</u> | <u>(643,443)</u> | <u>-15%</u> |
| Program expenses including direct expenses: | | | | |
| Water control | 1,037,395 | 1,085,647 | (48,252) | -4% |
| Road maintenance | 1,450,309 | 1,289,633 | 160,676 | 12% |
| Recreation | 18,822 | 24,051 | (5,229) | 100% |
| Infrastructure financing | 1,080,290 | 1,215,918 | (135,628) | -11% |
| Total program expenses | <u>3,586,816</u> | <u>3,615,249</u> | <u>(28,433)</u> | <u>-1%</u> |
| Increase (decrease) in net position | (26,204) | 588,806 | (615,010) | -104% |
| Net position, beginning of year | 18,717,366 | 18,128,560 | 588,806 | 3% |
| Net position, end of year | <u>\$ 18,691,162</u> | <u>\$ 18,717,366</u> | <u>\$ (26,204)</u> | <u>0%</u> |

Significant Activities

The District completed numerous projects that will enhance the efficiency of its maintenance program. Culvert crossings were installed along Canal 7 at Alexander Run, Canal 12 at Randolph Siding, and at the intersection of Canal 8 and Canal 11.

Other canal projects that were completed this year were the restoration of Canal 18 along Jupiter Farms Road between 175th and 176th and along Canal 6 between 133rd and 136th. Portions of these canal easements were inaccessible creating maintenance issues. The vegetation was removed and the bank restored to achieve access.

Based on a landowner initiatives and after a referendum was held, the 18th Plan of Improvement was authorized by the Board of Supervisors. The plan calls for asphalt roadway improvements of approximately 3.8 miles within Palm Beach Country Estates. Construction of these improvements is expected to be accomplished in the ensuing fiscal year.

Three pavilions, a half basketball court and a racquetball court were constructed in the Margaret Berman Memorial Park.

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, 2015 and 2014

| | 2015 | 2014 |
|---|----------------------|----------------------|
| Assets: | | |
| Current assets | | |
| Cash and short-term investments - unrestricted | \$ 2,336,161 | \$ 2,900,137 |
| Cash and short-term investments - restricted | 1,522,670 | 1,150,136 |
| Receivables: | | |
| Special assessments receivable - current portion - restricted | 1,776,480 | 1,688,298 |
| Accounts receivable | 52,424 | 35,907 |
| Prepaid expenses | 11,182 | 12,535 |
| Total current assets | 5,698,917 | 5,787,013 |
| Noncurrent assets | | |
| Long term receivable - special assessments - restricted | 19,066,608 | 20,843,088 |
| Capital assets not being depreciated: | | |
| Land, canals, easements, and construction in progress | 7,244,195 | 6,973,862 |
| Capital assets being depreciated | | |
| Accumulated depreciation on depreciable capital assets | (3,559,578) | (3,075,903) |
| Total noncurrent assets | 34,439,997 | 36,135,848 |
| Total assets | \$ 40,138,914 | \$ 41,922,861 |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts and contracts payable | \$ 132,470 | \$ 176,061 |
| Accrued interest payable | 161,919 | 175,563 |
| Current portion of long-term debt | 1,776,480 | 1,688,298 |
| Total current liabilities | 2,070,869 | 2,039,922 |
| Noncurrent liabilities: | | |
| Bonds payable | 12,994,300 | 13,506,940 |
| Notes payable | 6,351,608 | 7,633,088 |
| Accrued compensated absences | 30,975 | 25,545 |
| Total noncurrent liabilities | 19,376,883 | 21,165,573 |
| Total liabilities | 21,447,752 | 23,205,495 |
| Net Position: | | |
| Net investment in capital assets | 8,638,444 | 7,166,798 |
| Restricted for: | | |
| Capital projects | 289,635 | 329,092 |
| Debt service | 8,269,234 | 8,810,995 |
| Unrestricted | 1,493,849 | 2,410,481 |
| Total net position | 18,691,162 | 18,717,366 |
| Total liabilities and net position | \$ 40,138,914 | \$ 41,922,861 |

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Activities

Years Ended September 30, 2015 and 2014

| | 2015 | | | | |
|-------------------------------------|----------------------|------------------|---------------------|---------------------|-----------------------------|
| | Total | Water Control | Road Maintenance | Park Maintenance | Infrastructure Financing |
| Expenses: | | | | | |
| Direct expense: | | | | | |
| Physical environment | \$ 986,523 | \$ 986,523 | \$ - | \$ - | \$ - |
| Transportation | 1,000,730 | - | 1,000,730 | - | - |
| Recreation | 10,588 | - | - | 10,588 | - |
| Interest on debt | 992,206 | - | - | - | 992,206 |
| Indirect expenses: | | | | | |
| Depreciation | 508,685 | 50,872 | 449,579 | 8,234 | - |
| Other | 88,084 | - | - | - | 88,084 |
| Total expenses | 3,586,816 | 1,037,395 | 1,450,309 | 18,822 | 1,080,290 |
| Revenues: | | | | | |
| Program revenues: | | | | | |
| Assessments | 3,374,773 | 1,049,913 | 1,060,366 | 25,344 | 1,239,150 |
| Connection fees | 85,335 | - | - | - | 85,335 |
| Other income | 50,650 | - | 32,340 | - | 18,310 |
| Restricted investment earnings | 8,730 | 1,759 | 2,681 | (11) | 4,301 |
| Total program revenues | 3,519,488 | 1,051,672 | 1,095,387 | 25,333 | 1,347,096 |
| Net program income (expense) | \$ (67,328) | \$ 14,277 | \$ (354,922) | \$ 6,511 | \$ 266,806 |
| General revenues: | | | | | |
| Gain on sale of equipment | 7,250 | | | | |
| Other income | 33,874 | | | | |
| Total general revenues | 41,124 | | | | |
| Change in net position | (26,204) | | | | |
| Net position - beginning, | 18,717,366 | | | | |
| Net position - ending | \$ 18,691,162 | | | | |

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statements of Activities

Years Ended September 30, 2015 and 2014

| | 2014 | | | | |
|-------------------------------------|----------------------|------------------|---------------------|---------------------|-----------------------------|
| | Total | Water Control | Road Maintenance | Park Maintenance | Infrastructure Financing |
| Expenses: | | | | | |
| Direct expenses: | | | | | |
| Physical environment | \$ 1,019,183 | \$ 1,019,183 | \$ - | \$ - | \$ - |
| Transportation | 853,054 | - | 853,054 | - | - |
| Recreation | 15,817 | - | - | 15,817 | - |
| Interest on debt | 1,048,305 | - | - | - | 1,048,305 |
| Indirect expenses: | | | | | |
| Depreciation | 511,277 | 66,464 | 436,579 | 8,234 | - |
| Other | 167,613 | - | - | - | 167,613 |
| Total expenses | 3,615,249 | 1,085,647 | 1,289,633 | 24,051 | 1,215,918 |
| Revenues: | | | | | |
| Program revenues: | | | | | |
| Assessments | 4,002,314 | 1,090,852 | 1,031,464 | 25,381 | 1,854,617 |
| Connection fees | 81,780 | - | - | - | 81,780 |
| Charges for services - external | 50,911 | - | 50,911 | - | - |
| Restricted investment earnings | 10,658 | 3,177 | 2,684 | 40 | 4,757 |
| Total program revenues | 4,145,663 | 1,094,029 | 1,085,059 | 25,421 | 1,941,154 |
| Net program income (expense) | \$ 530,414 | \$ 8,382 | \$ (204,574) | \$ 1,370 | \$ 725,236 |
| General revenues: | | | | | |
| Gain on sale of equipment | 27,500 | | | | |
| Other income | 30,892 | | | | |
| Total general revenues | 58,392 | | | | |
| Change in net position | 588,806 | | | | |
| Net position - beginning | 18,128,560 | | | | |
| Net position - ending | \$ 18,717,366 | | | | |

See accompanying notes to financial statements.

This page intentionally left blank

Fund Financial Statements

Governmental Funds

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Balance Sheet
Governmental Funds
September 30, 2015*

| | Special Revenue Funds | | |
|---|---------------------------------------|---------------------------------------|---|
| | Water Control Eastside | Water Control Westside | Road Maintenance - Jupiter Farms |
| Assets: | | | |
| Cash and short-term investments | \$ 19,042 | \$ 197,586 | \$ 809,983 |
| Receivables: | | | |
| Special assessments | - | - | - |
| Accounts receivable | 1,081 | 3,770 | 3,299 |
| Total assets | \$ 20,123 | \$ 201,356 | \$ 813,282 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 7,745 | \$ 21,213 | \$ 14,393 |
| Total liabilities | 7,745 | 21,213 | 14,393 |
| Deferred inflows of resources: | | | |
| Unavailable revenue-special assessments | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances: | | | |
| Restricted for: | | | |
| Debt service | - | - | - |
| Future construction | - | - | - |
| Committed for: | | | |
| Renewal and replacement | - | - | - |
| Assigned for: | | | |
| Subsequent years operations | 12,378 | 180,143 | 798,889 |
| Total fund balances | 12,378 | 180,143 | 798,889 |
| Total liabilities, deferred inflows of resources, and fund balances: | \$ 20,123 | \$ 201,356 | \$ 813,282 |

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 |
| \$ 117,699 | \$ 443,199 | \$ 116,927 | \$ 529,487 | \$ 1,139,149 | \$ 3,373,072 |
| 1,109,760 | 13,210,000 | 2,220,702 | - | 4,302,626 | 20,843,088 |
| 2,735 | 27,083 | 1,089 | - | 5,367 | 44,424 |
| \$ 1,230,194 | \$ 13,680,282 | \$ 2,338,718 | \$ 529,487 | \$ 5,447,142 | \$ 24,260,584 |
| \$ 139 | \$ 21,855 | \$ 57 | \$ 1,009 | \$ 24,234 | \$ 90,645 |
| 139 | 21,855 | 57 | 1,009 | 24,234 | 90,645 |
| 1,109,760 | 13,210,000 | 2,220,702 | - | 4,302,626 | 20,843,088 |
| 1,109,760 | 13,210,000 | 2,220,702 | - | 4,302,626 | 20,843,088 |
| 120,295 | 448,427 | 117,959 | - | 376,809 | 1,063,490 |
| - | - | - | 289,635 | 180,989 | 470,624 |
| - | - | - | 238,843 | - | 238,843 |
| - | - | - | - | 562,484 | 1,553,894 |
| 120,295 | 448,427 | 117,959 | 528,478 | 1,120,282 | 3,326,851 |
| \$ 1,230,194 | \$ 13,680,282 | \$ 2,338,718 | \$ 529,487 | \$ 5,447,142 | \$ 24,260,584 |

See accompanying notes to financial statements.

This page intentionally left blank

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2015

Total governmental fund balances \$ 3,326,851

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 | \$ 17,393,134 | |
| Less accumulated depreciation | <u>(2,503,922)</u> | 14,889,212 |

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. 916,318

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. 20,843,088

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

| | | |
|------------------------------------|------------------|--------------|
| Bonds & notes payable | (21,122,388) | |
| Accrued interest on long-term debt | <u>(161,919)</u> | (21,284,307) |

Total net position - governmental activities \$ 18,691,162

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2015

| | Special Revenue Funds | | |
|--|------------------------------|------------------------------|--|
| | Water Control Eastside | Water Control Westside | Road Maintenance - Jupiter Farms |
| Revenues: | | | |
| Assessments | \$ 241,661 | \$ 808,252 | \$ 746,491 |
| Charges for services | - | - | 340 |
| Reimbursement of Connection Fees | - | - | - |
| Investment income | 378 | 1,381 | 1,552 |
| Miscellaneous | - | - | - |
| Total revenues | 242,039 | 809,633 | 748,383 |
| Expenditures: | | | |
| Current: | | | |
| Physical environment | 248,505 | 881,372 | - |
| Transportation | - | - | 691,871 |
| Recreation | - | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Other debt service | - | - | - |
| Total expenditures | 248,505 | 881,372 | 691,871 |
| Excess (deficiency) of revenues over (under) expenditures | (6,466) | (71,739) | 56,512 |
| Other financing sources (uses): | | | |
| Transfers in | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balance | (6,466) | (71,739) | 56,512 |
| Fund balances, beginning of year | 18,844 | 251,882 | 742,377 |
| Fund balances, end of year | \$ 12,378 | \$ 180,143 | \$ 798,889 |

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 |
| \$ 588,622 | \$ 1,276,078 | \$ 241,739 | \$ - | \$ 1,160,228 | \$ 5,063,071 |
| - | - | - | - | - | 340 |
| - | 85,335 | - | - | - | 85,335 |
| 443 | 1,703 | 389 | 444 | 1,986 | 8,276 |
| - | 8,817 | - | - | 9,493 | 18,310 |
| 589,065 | 1,371,933 | 242,128 | 444 | 1,171,707 | 5,175,332 |
| - | - | - | - | - | 1,129,877 |
| - | - | - | - | 248,047 | 939,918 |
| - | - | - | - | 10,588 | 10,588 |
| - | - | - | 782,229 | - | 782,229 |
| 531,830 | 450,000 | 140,585 | - | 565,883 | 1,688,298 |
| 47,191 | 683,000 | 98,089 | - | 195,210 | 1,023,490 |
| 4,999 | 43,732 | 2,048 | - | 37,305 | 88,084 |
| 584,020 | 1,176,732 | 240,722 | 782,229 | 1,057,033 | 5,662,484 |
| 5,045 | 195,201 | 1,406 | (781,785) | 114,674 | (487,152) |
| - | - | - | 201,550 | - | 201,550 |
| - | - | - | 201,550 | - | 201,550 |
| 5,045 | 195,201 | 1,406 | (580,235) | 114,674 | (285,602) |
| 115,250 | 253,226 | 116,553 | 1,108,713 | 1,005,608 | 3,612,453 |
| \$ 120,295 | \$ 448,427 | \$ 117,959 | \$ 528,478 | \$ 1,120,282 | \$ 3,326,851 |

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, 2015

Net change in fund balances - total governmental funds \$ (285,602)

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. 79,161

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets are 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. 148,953

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 position. Also, governmental funds report the effect of 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 principal payments | 1,688,298 | |
| Amortization of premiums and interest adjustments | 31,284 | |
| | | |
| Total debt adjustments | | 1,719,582 |

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. (1,688,298)

Change in net position of governmental activities \$ (26,204)

See accompanying notes to financial statements.

***Proprietary Fund-Internal
Service Fund***

This page intentionally left blank

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Net Position

Internal Service Fund

September 30, 2015

Assets:

Current assets:

| | | |
|---------------------------------|----|---------|
| Cash and short-term investments | \$ | 485,759 |
| Accounts receivable | | 8,000 |
| Prepaid expenses | | 11,182 |
| Total current assets | | 504,941 |

Noncurrent assets:

| | | |
|--------------------------|--|-------------|
| Equipment | | 1,539,833 |
| Accumulated depreciation | | (1,055,656) |
| Total noncurrent assets | | 484,177 |

Total assets \$ **989,118**

Liabilities:

Current liabilities:

| | | |
|---------------------------------------|----|--------|
| Accounts payable and accrued expenses | \$ | 41,825 |
| Total current liabilities | | 41,825 |

Noncurrent liabilities:

| | | |
|------------------------------|--|--------|
| Accrued compensated absences | | 30,975 |
| Total liabilities | | 72,800 |

Net Position

| | | |
|------------------------------|--|---------|
| Investment in capital assets | | 484,177 |
| Net position - unrestricted | | 432,141 |
| Total net position | | 916,318 |

Total liabilities and net position \$ **989,118**

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, 2015

| | |
|--|-------------------|
| Operating revenues: | |
| Charges for services | \$ 1,563,793 |
| Other | 8,574 |
| Total operating revenues | 1,572,367 |
| Operating expenses: | |
| Personal services | 709,820 |
| Materials, supplies, services and other operating expenses | 516,965 |
| Depreciation | 97,875 |
| Total operating expenses | 1,324,660 |
| Operating income | 247,707 |
| Nonoperating revenues (expenses): | |
| Investment income | 454 |
| Rental income | 25,300 |
| Gain on the disposition of equipment | 7,250 |
| Transfers out | (201,550) |
| Total nonoperating expenses | (168,546) |
| Change in net position | 79,161 |
| Net position, beginning of year | 837,157 |
| Net position, end of year | \$ 916,318 |

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Cash Flows

Internal Service Fund

Year Ended September 30, 2015

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Cash receipts from quasi-external operating transactions | \$ 1,563,793 |
| Cash payments to suppliers for goods and services | (540,287) |
| Cash payments to employees for services | (704,390) |
| Other operating revenues | 8,574 |
| Net cash provided by operating activities | 327,690 |
| Cash flows from capital and related financing activities: | |
| Purchase of fixed assets | (29,551) |
| Proceeds from the sale of equipment | 7,250 |
| Net cash used by capital and related financing activities | (22,301) |
| Cash flows from noncapital financing activities | |
| Interest income | 454 |
| Rental income | 25,300 |
| Transfers to other funds-net | (201,550) |
| Net cash used by noncapital financing activities | (175,796) |
| Net increase in cash and cash equivalents | 129,593 |
| Cash and cash equivalents, beginning of year | 356,166 |
| Cash and cash equivalents, end of year | 485,759 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | 247,707 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 97,875 |
| Increase in: | |
| Prepaid expenses | 1,353 |
| Decrease in: | |
| Accounts payable and accrued expenses | (24,675) |
| Accrued compensated absences | 5,430 |
| Total adjustments | 79,983 |
| Net cash provided by operating activities | \$ 327,690 |

See accompanying notes to financial statements.

This page intentionally left blank

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,

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Certain miscellaneous items are reported as general revenues.

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, 2015:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The District uses the County Property Appraiser and Tax Collector to collect assessments. Maintenance assessments are levied on October 1 of each year. Debt assessments are levied at the time the related debt is authorized. Maintenance assessments and annual installments of debt assessments are included 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.

The District's proprietary fund is accounted for using the economic resources measurement focus and the accrual basis of accounting

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.

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 a park.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

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/Unavailable 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Assessments Receivable/Unavailable Revenue (Continued)

The District reports unavailable 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.

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 \$2,500 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.

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.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). The District has no items which qualify for reporting in this category.

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s), and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the term unavailable revenue is reported in the governmental funds balance sheet to reflect the balance of outstanding assessments levied by the District to repay debt outstanding, but not currently due. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

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 is 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 the 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes. 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.

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.

NOTE 2. CASH AND INVESTMENTS

Cash

At September 30, 2015, the carrying amount of cash on hand and on deposit with banks, including interest-bearing accounts, was \$71,679. 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 monetary assets were covered by federal depository insurance or by the QPD program.

Investments

At September 30, 2015 the District's investments were held as follows:

| | Fair Value | Credit Risk | Maturity |
|-------------------------|---------------------|-------------|------------------|
| Money Market Funds | \$ 1,678,921 | S&P: A-2 | Less than 7 days |
| Certificates of Deposit | 2,108,230 | S&P: A-2 | 25 days |
| Total | \$ 3,787,151 | | |

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. The District minimizes the credit risk of its portfolio by only investing with financial institutions who participate in the QPD program

NOTE 2. CASH AND INVESTMENTS (Continued)

Concentration risk – The District places no limit on the amount it may invest in any one issuer. The District minimizes the concentration risk of its portfolio by only investing with financial institutions who participate in the QPD program

Interest rate risk – The District has no formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District attempts to minimize this risk in its portfolio by investing primarily in money market funds and short term certificates of deposits.

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 Renewal and Replacement fund.

During the year ended September 30, 2015, the District had the following transfers between funds:

| | Transfers In | Transfers Out |
|------------------------|-------------------------|--------------------------|
| Major fund: | | |
| Road Improvement Funds | 201,550 | |
| Proprietary Fund | | |
| Internal Service Fund | - | 201,550 |
| Totals | \$ 201,550 | \$ 201,550 |

NOTE 4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2015, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 388,536 | \$ - | \$ - | \$ 388,536 |
| Canal & Dikes | 6,564,713 | 270,333 | - | 6,835,046 |
| Construction In Progress | 20,613 | - | - | 20,613 |
| Total Capital Assets Not Being Depreciated | 6,973,862 | 270,333 | - | 7,244,195 |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 188,153 | - | - | 188,153 |
| Improvements & Infrastructure: | 9,671,356 | 289,430 | - | 9,960,786 |
| Machinery And Equipment | 1,535,292 | 29,551 | (25,010) | 1,539,833 |
| Total Capital Assets Being Depreciated | 11,394,801 | 318,981 | (25,010) | 11,688,772 |
| Accumulated Depreciation: | | | | |
| Buildings | 145,821 | 4,704 | - | 150,525 |
| Improvements & Infrastructure: | 1,947,291 | 406,106 | - | 2,353,397 |
| Equipment | 982,791 | 97,875 | (25,010) | 1,055,656 |
| Total Accumulated Depreciation | 3,075,903 | 508,685 | (25,010) | 3,559,578 |
| Net Capital Assets Being Depreciated | 8,318,898 | (189,704) | - | 8,129,194 |
| Total Capital Assets, Net | \$ 15,292,760 | \$ 80,629 | \$ - | \$ 15,373,389 |

Depreciation was charged to functions as follows:

| | |
|-----------------------------------|-------------------|
| Water Control | \$ 50,872 |
| Road Maintenance | 449,580 |
| Park Maintenance | 8,234 |
| Total depreciation expense | \$ 508,686 |

NOTE 5. LONG-TERM OBLIGATION

Changes in long-term obligations for the year ended September 30, 2015, are summarized below:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|------------------------------|------------------------------|------------------|---------------------|---------------------------|
| Special Assessment Bonds | \$ 13,660,000 | \$ - | \$ 450,000 | \$ 13,210,000 |
| Special Assessment Notes | 8,871,386 | - | 1,238,298 | 7,633,088 |
| Long-term liabilities | \$ 22,531,386 | \$ - | \$ 1,688,298 | \$ 20,843,088 |

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 or 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 June 29, 2015 S&P Rating Service affirmed its AA rating of National. At September 30, 2015, the District was in compliance with such covenants.

NOTE 5. LONG-TERM OBLIGATION (Continued)

Long-term debt at September 30, 2015 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 \$495,000 to \$1,315,000 through August 1, 2031 with interest ranging from 4.00% to 5.25% payable semi-annually on February 1st and August 1st of each year. \$ 13,210,000

| | | |
|---------------------------------------|-----------|-------------------|
| Total Special Assessment Bonds | \$ | 13,210,000 |
|---------------------------------------|-----------|-------------------|

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.

\$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. \$ 435,186

\$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. 79,615

\$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. 159,893

\$3,200,000 2007 OGEM Road Improvement Note due in annual installments of \$146,433 to \$229,393 through August 1, 2027, with interest at 4.16% payable semi-annually on February 1st and August 1st of each year. 2,220,702

\$2,330,000 2009 PBCE Hookup Financing Note due in annual installments of \$147,000 to \$196,000 through August 1, 2023 with interest at at 4.17% per annum is payable semi-annually on February 1st and August 1st of each year. A final installment of \$198,442 plus interest at 4.17% per annum is due on July 20, 2024. 1,562,442

NOTE 5. LONG-TERM OBLIGATION (Continued)

\$1,875,000 2011 Road Improvement Note due in annual installments of \$109,270 to \$162,880 through August 1, 2026, with interest at 4.07% payable semi-annually on February 1st and August 1st of each year. 1,479,030

\$3,150,000, 2011 Egret Landing Refunding Note due in annual installments of \$547,040 to \$562,720 through August 1, 2017, with interest at 2.86% payable semi-annually on February 1st and August 1st of each year. 1,109,760

\$680,000, 2013 Road Improvement Note due in annual installments of \$49,420 to \$68,830 through October 1, 2026, payable semi-annually on April 1st and October 1st of each year. Interest is accrued at 3.75% per annum 586,460

| | |
|------------------------------------|----------------------|
| Total Long-Term Notes | 7,633,088 |
| Total Long-Term Obligations | \$ 20,843,088 |

Reported in the statement of net position as:

| | |
|---------------------------------------|----------------------|
| Total long-term obligations | \$ 20,843,088 |
| Add unamortized bond issuance premium | 279,300 |
| Less current portion | (1,776,480) |
| Noncurrent portion | \$ 19,345,908 |

NOTE 5. LONG-TERM OBLIGATION (Continued)

Changes in long-term obligations for the year ended September 30, 2015, are summarized below:

| | 2006 PBCE Water Distribution System Bonds | 2004 Road Improvement Notes Series A, B & C |
|--|--|--|
| Long-term obligations October 1, 2014 | \$ 13,660,000 | \$ 946,957 |
| Bonds/notes issued | - | |
| Bonds/notes retired | (450,000) | (272,263) |
| Long-term obligations, September 30, 2015 | \$ 13,210,000 | \$ 674,694 |

Debt service requirements to maturity are as follows:

| | 2006 PBCE Water Distribution System Bonds | 2004 Road Improvement Notes Series A, B & C |
|-----------------------------------|--|--|
| 2016 | \$ 1,155,500 | \$ 307,499 |
| 2017 | 1,180,750 | 307,499 |
| 2017 | 1,203,500 | 35,876 |
| 2019 | 1,228,750 | 35,876 |
| 2020 | 1,252,306 | 35,876 |
| 2021-2025 | 6,677,836 | - |
| 2026-2030 | 5,837,560 | - |
| 2031-2035 | 740,912 | - |
| Totals | 19,277,114 | 722,626 |
| Less amount representing interest | 6,067,114 | 47,932 |
| Totals | \$ 13,210,000 | \$ 674,694 |

NOTE 5. LONG-TERM OBLIGATION (Continued)

Changes in long-term obligations for the year ended September 30, 2015, are summarized below:

| | 2007 OGEM Road Resurfacing Notes | 2009 PBCE Hookup Financing Program | 2011 Road Improvement |
|--|---|---|--------------------------------------|
| Long-term obligations October 1, 2014 | \$ 2,361,287 | \$ 1,703,442 | \$ 1,584,020 |
| Bonds/notes issued | | | |
| Bonds/notes retired | (140,585) | (141,000) | (104,990) |
| Long-term obligations, September 30, 2015 | \$ 2,220,702 | \$ 1,562,442 | \$ 1,479,030 |

Debt service requirements to maturity are as follows:

| | 2007 OGEM Road Resurfacing Notes | 2009 PBCE Hookup Financing Program | 2011 Road Improvement |
|-----------------------------------|---|---|--------------------------------------|
| 2016 | \$ 238,814 | \$ 213,240 | \$ 169,467 |
| 2017 | 238,815 | 212,844 | 174,427 |
| 2017 | 238,815 | 213,375 | 169,461 |
| 2019 | 238,815 | 212,610 | 169,465 |
| 2020 | 238,815 | 212,700 | 169,462 |
| 2021-2025 | 1,194,073 | 845,227 | 847,335 |
| 2026-2030 | 477,748 | - | 169,508 |
| 2031-2035 | - | - | - |
| Totals | 2,865,895 | 1,909,996 | 1,869,125 |
| Less amount representing interest | 645,193 | 347,554 | 390,095 |
| Totals | \$ 2,220,702 | \$ 1,562,442 | \$ 1,479,030 |

NOTE 5. LONG-TERM OBLIGATION (Continued)

| 2011 Egret Landing Refunding | 2013 Road Improvement | Total Notes and Bonds Payable | Amount Representing Principal |
|---|----------------------------------|--|--|
| \$ 1,641,590 | \$ 634,090 | \$ 22,531,386 | \$ 22,531,386 |
| - | - | - | - |
| (531,830) | (47,630) | (1,688,298) | (1,688,298) |
| \$ 1,109,760 | \$ 586,460 | \$ 20,843,088 | \$ 20,843,088 |

| 2011 Egret Landing Refunding | 2013 Road Improvement | Total Notes and Bonds Payable | Amount Representing Interest | Amount Representing Principal |
|---|----------------------------------|--|---|--|
| \$ 579,308 | \$ 71,779 | \$ 2,735,607 | \$ 959,127 | \$ 1,776,480 |
| 579,037 | 71,689 | 2,765,061 | 894,094 | 1,870,967 |
| - | 71,669 | 1,932,696 | 815,356 | 1,117,340 |
| - | 71,637 | 1,957,153 | 764,129 | 1,193,024 |
| - | 71,638 | 1,980,797 | 710,504 | 1,270,293 |
| - | 357,554 | 9,922,025 | 2,604,429 | 7,317,596 |
| - | - | 6,484,816 | 892,428 | 5,592,388 |
| - | - | 740,912 | 35,912 | 705,000 |
| 1,158,345 | 715,966 | 28,519,067 | 7,675,979 | 20,843,088 |
| 48,585 | 129,506 | 7,675,979 | (7,675,979) | - |
| \$ 1,109,760 | \$ 586,460 | \$ 20,843,088 | - | \$ 20,843,088 |

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, 2014 plan members are required to contribute 3% of their eligible compensation to the Plan. For the year ended September 30, 2015, the District was required to contribute 7.37% to June 30, 2015 and subsequent to that date, 7.26% of the annual covered salary for the regular member class. The District's contributions to FRS for the years ended September 30, 2015, 2014, and 2013 were \$4,178, \$3,902 and \$2,986, 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, 2015 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, 2015, there were 15 plan members. The District's total payroll for all employees was \$560,538 and those covered by the plan was \$481,398. 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. 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 agreed to an extension of their cooperative agreement for a period of three years with an option to renew for an additional three year period. During the year both parties agreed to the optional three year extension. Under the terms of the extension 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. Also as part of the original extension agreement the Town reimbursed the District for costs associated with constructing water lines for the Town.

During the year the District received \$85,336 from this program and at September 30, 2015 the District had received a total of \$2,693,039 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.

Also as part of the original extension agreement the Town initiated a program to landowners to facilitate the financing of hookups similar to the Hookup Financing program offered by the District between 2009 and 2011. The District agreed to collect the assessments from the affected landowners and turn the net proceeds over to the Town. The District assumes no liability for the service.

Refunding of 2006 Water Distribution Bond

On December 11, 2015, the District advanced refunded all of the Series A and Series B PBCE Water Distribution System Bonds by issuing a new bond in the amount of \$13,775,000. The net proceeds of \$13,577,500 plus funds on hand of \$238,514 were used to purchase State and Local Government Securities (SLGS) to fund an escrow account which together with interest earned on the securities will be sufficient to pay the debt service through the call date of August 1, 2016. As a result of this transaction, savings of approximately \$ 2,400,000 will be realized in debt service assessments over the term of the new loan.

This page intentionally left blank

**REQUIRED SUPPLEMENTARY
INFORMATION**

This page intentionally left blank

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Budgetary Comparison Schedule

Water Control Eastside - Special Revenue Fund

Year Ended September 30, 2015

| | Budget Original | Budget Final | Actual Amounts | Variance From Final Budget Positive/ (Negative) |
|--|--------------------|------------------|-------------------|---|
| Revenues: | | | | |
| Assessments | \$ 235,200 | \$ 235,200 | \$ 241,661 | \$ 6,461 |
| Investment income | - | - | 378 | 378 |
| Total revenues | 235,200 | 235,200 | 242,039 | 6,839 |
| Expenditures: | | | | |
| Current: | | | | |
| Physical environment | 228,475 | 228,475 | 248,505 | (20,030) |
| Total expenditures | 228,475 | 228,475 | 248,505 | (20,030) |
| Excess (deficiency) of revenues over (under) expenditures | 6,725 | 6,725 | (6,466) | (13,191) |
| Fund balances, beginning of year | 17,222 | 18,844 | 18,844 | - |
| Fund balances, end of year | \$ 23,947 | \$ 25,569 | \$ 12,378 | \$ (13,191) |

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, 2015

| | Budget Original | Budget Final | Actual Amounts | Variance From Final Budget Positive/ (Negative) |
|--|--------------------|-------------------|-------------------|---|
| Revenues: | | | | |
| Assessments | \$ 844,800 | \$ 844,800 | \$ 808,252 | \$ (36,548) |
| Investment income | 200 | 200 | 1,381 | 1,181 |
| Total revenues | 845,000 | 845,000 | 809,633 | (35,367) |
| Expenditures: | | | | |
| Current: | | | | |
| Physical environment | 787,875 | 787,875 | 881,372 | (93,497) |
| Total expenditures | 787,875 | 787,875 | 881,372 | (93,497) |
| Excess (deficiency) of revenues over (under) expenditures | 57,125 | 57,125 | (71,739) | (128,864) |
| Fund balances, beginning of year | 272,866 | 251,882 | 251,882 | - |
| Fund balances, end of year | \$ 329,991 | \$ 309,007 | \$ 180,143 | \$ (128,864) |

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, 2015

| | Budget Original | Budget Final | Actual Amounts | Variance From Final Budget Positive/ (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues: | | | | |
| Assessments | \$ 691,200 | \$ 691,200 | \$ 746,491 | \$ 55,291 |
| Charges for services | 12,000 | 12,000 | 340 | (11,660) |
| Investment income | 1,300 | 1,300 | 1,552 | 252 |
| Total revenues | 704,500 | 704,500 | 748,383 | 43,883 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | 937,845 | 937,845 | 691,871 | 245,974 |
| Total expenditures | 937,845 | 937,845 | 691,871 | 245,974 |
| Excess (deficiency) of revenues over (under) expenditures | (233,345) | (233,345) | 56,512 | 289,857 |
| Fund balances, beginning of year | 984,817 | 742,377 | 742,377 | - |
| Fund balances, end of year | \$ 751,472 | \$ 509,032 | \$ 798,889 | \$ 289,857 |

See accompanying notes to financial statements.

This page intentionally left blank

**COMBINING FINANCIAL
STATEMENTS**

This page intentionally left blank

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet
Other Governmental Funds
September 30, 2015*

| | | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total |
|---|-----------|---|-----------------------------------|---------------------------------------|---------------------|
| Assets: | | | | | |
| Cash and short-term investments | \$ | 584,949 | \$ 373,211 | \$ 180,989 | \$ 1,139,149 |
| Receivables: | | | | | |
| Special assessments | | - | 4,302,626 | - | 4,302,626 |
| Accounts receivable | | 1,575 | 3,792 | - | 5,367 |
| Total assets | \$ | 586,524 | \$ 4,679,629 | \$ 180,989 | \$ 5,447,142 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expense | \$ | 24,040 | \$ 194 | \$ - | \$ 24,234 |
| Total liabilities | | 24,040 | 194 | - | 24,234 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue-special assessments | | - | 4,302,626 | - | 4,302,626 |
| Total deferred inflows of resources | | - | 4,302,626 | - | 4,302,626 |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Debt service | | - | 376,809 | - | 376,809 |
| Future construction | | - | - | 180,989 | 180,989 |
| Assigned for: | | | | | |
| Subsequent years operations | | 562,484 | | | 562,484 |
| Total fund balances | | 562,484 | 376,809 | 180,989 | 1,120,282 |
| Total liabilities, deferred inflows of resources, and fund balances: | \$ | 586,524 | \$ 4,679,629 | \$ 180,989 | \$ 5,447,142 |

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Combining Balance Sheet

Nonmajor Special Revenue Funds

September 30, 2015

| | PBCE Road Maintenance | PBCE Park Maintenance | Egret Landing Maintenance |
|---|--------------------------|--------------------------|---------------------------------|
| Assets: | | | |
| Cash and short-term investments | \$ 462,763 | \$ 35,247 | \$ 21,626 |
| Receivables: | | | |
| Accounts receivable | 1,458 | 117 | - |
| Total assets | \$ 464,221 | \$ 35,364 | \$ 21,626 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 4,948 | \$ 391 | \$ 18,701 |
| Total liabilities | 4,948 | 391 | 18,701 |
| Fund balances: | | | |
| Assigned for: | | | |
| Subsequent years operations | 459,273 | 34,973 | 2,925 |
| Total fund balances | 459,273 | 34,973 | 2,925 |
| Total liabilities, deferred inflows of resources, and fund balances: | \$ 464,221 | \$ 35,364 | \$ 21,626 |

See accompanying notes to financial statements.

| Jupiter Park of Commerce Maintenance | Total Nonmajor Special Revenue Funds |
|--|---|
| \$ 65,313 | \$ 584,949 |
| - | - |
| - | 1,575 |
| \$ 65,313 | \$ 586,524 |
| | |
| \$ - | \$ 24,040 |
| - | 24,040 |
| | |
| 65,313 | 562,484 |
| 65,313 | 562,484 |
| \$ 65,313 | \$ 586,524 |

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2015*

| | 2004 Series A OGEM Road Improvement Note | 2004 Series B Section 18 Road Improvement Note | 2004 Series C PBCE Road Improvement Note |
|---|--|---|--|
| Assets: | | | |
| Cash and short-term investments | \$ 66,783 | \$ 41,728 | \$ 29,260 |
| Receivables: | | | |
| Special assessments | 435,186 | 79,615 | 159,893 |
| Accounts receivable | 1,117 | 202 | 225 |
| Total assets | \$ 503,086 | \$ 121,545 | \$ 189,378 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 57 | \$ 11 | \$ 9 |
| Total liabilities | 57 | 11 | 9 |
| Deferred inflows of resources: | | | |
| Unavailable revenue-special assessments | 435,186 | 79,615 | 159,893 |
| Total deferred inflows of resources | 435,186 | 79,615 | 159,893 |
| Fund balances: | | | |
| Restricted for: | | | |
| Debt service | 67,843 | 41,919 | 29,476 |
| Total fund balances | 67,843 | 41,919 | 29,476 |
| Total liabilities, deferred inflows of resources, and fund balances: | \$ 503,086 | \$ 121,545 | \$ 189,378 |

See accompanying notes to financial statements.

| 2009 PBCE Hookup Financing Note | 2011 Road Improvement Note | 2013 Road Improvement Note | Total Nonmajor Debt Service Funds |
|--|-------------------------------------|-------------------------------------|---|
| \$ 158,574 | \$ 67,996 | \$ 8,870 | \$ 373,211 |
| 1,562,442 | 1,479,030 | 586,460 | 4,302,626 |
| 1,102 | 803 | 343 | 3,792 |
| \$ 1,722,118 | \$ 1,547,829 | \$ 595,673 | \$ 4,679,629 |
| \$ 58 | \$ 41 | \$ 18 | \$ 194 |
| 58 | 41 | 18 | 194 |
| 1,562,442 | 1,479,030 | 586,460 | 4,302,626 |
| 1,562,442 | 1,479,030 | 586,460 | 4,302,820 |
| 159,618 | 68,758 | 9,195 | 376,809 |
| 159,618 | 68,758 | 9,195 | 376,809 |
| \$ 1,722,118 | \$ 1,547,829 | \$ 595,673 | \$ 4,679,629 |

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Combining Balance Sheet

Nonmajor Capital Projects Funds

September 30, 2015

| | 1988 Drainage Plan | Total Nonmajor Capital Projects Funds |
|---|--------------------------|---|
| Assets: | | |
| Cash and short-term investments | \$ 180,989 | \$ 180,989 |
| Total assets | \$ 180,989 | \$ 180,989 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | |
| Fund balances: | | |
| Restricted for: | | |
| Future construction | \$ 180,989 | \$ 180,989 |
| Total fund balances | 180,989 | 180,989 |
| Total liabilities, deferred inflows of resources, and fund balances: | \$ 180,989 | \$ 180,989 |

See accompanying notes to financial statements.

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Governmental Funds
Year Ended September 30, 2015*

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total |
|--|---|--------------------------------------|---------------------------------------|---------------------|
| Revenues: | | | | |
| Assessments | \$ 339,219 | \$ 821,009 | \$ - | \$ 1,160,228 |
| Investment income | 620 | 1,290 | 76 | 1,986 |
| Miscellaneous | - | 9,493 | - | 9,493.00 |
| Total revenues | 339,839 | 831,792 | 76 | 1,171,707 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | 248,047 | - | - | 248,047 |
| Recreation | 10,588 | - | - | 10,588 |
| Debt service: | | | | |
| Principal retirement | - | 565,883 | - | 565,883 |
| Interest and fiscal charges | - | 195,210 | - | 195,210 |
| Other debt service | - | 37,305 | - | 37,305 |
| Total expenditures | 258,635 | 798,398 | - | 1,057,033 |
| Excess (deficiency) of revenues over (under) expenditures | 81,204 | 33,394 | 76 | 114,674 |
| Fund balances, beginning of year | 481,280 | 343,415 | 180,913 | 1,005,608 |
| Fund balances, end of year | \$ 562,484 | \$ 376,809 | \$ 180,989 | \$ 1,120,282 |

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, 2015*

| | PBCE Road Maintenance | PBCE Park Maintenance | Egret Landing Maintenance |
|---|--------------------------|--------------------------|------------------------------|
| Revenues: | | | |
| Assessments | \$ 313,875 | \$ 25,344 | \$ - |
| Investment income | 593 | (11) | 10 |
| Total revenue | 314,468 | 25,333 | 10 |
| Expenditures: | | | |
| Current: | | | |
| Transportation | 248,047 | - | - |
| Recreation | - | 10,588 | - |
| Total expenditures | 248,047 | 10,588 | - |
| Excess (deficiency) of revenues over (under) expenditures | 66,421 | 14,745 | 10 |
| Fund balances, beginning of year | 392,852 | 20,228 | 2,915 |
| Fund balances, end of year | \$ 459,273 | \$ 34,973 | \$ 2,925 |

See accompanying notes to financial statements.

| Jupiter Park of Commerce Maintenance | Total Nonmajor Special Revenue Funds |
|---|---|
| \$ - | \$ 339,219 |
| 28 | 620 |
| 28 | 339,839 |
| - | 248,047 |
| - | 10,588 |
| - | 258,635 |
| 28 | 81,204 |
| 65,285 | 481,280 |
| \$ 65,313 | \$ 562,484 |

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Debt Service Funds
Year Ended September 30, 2015*

| | 2004 Series A OGEM Road Improvement Note | 2004 Series B Section 18 Road Improvement Note | 2004 Series C PBCE Road Improvement Note |
|---|--|---|--|
| Revenues: | | | |
| Assessments | \$ 241,402 | \$ 45,115 | \$ 38,629 |
| Investment income | 214 | 116 | 132 |
| Miscellaneous | - | - | - |
| Total revenues | 241,616 | 45,231 | 38,761 |
| Expenditures: | | | |
| Debt service: | | | |
| Principal retirement | 206,198 | 37,646 | 28,419 |
| Interest and fiscal charges | 23,346 | 4,432 | 7,457 |
| Other debt service | 47 | 378 | 2,256 |
| Total expenditures | 229,591 | 42,456 | 38,132 |
| Excess (deficiency) of revenues over (under) expenditures | 12,025 | 2,775 | 629 |
| Fund balances, beginning of year | 55,818 | 39,144 | 28,847 |
| Fund balances, end of year | \$ 67,843 | \$ 41,919 | \$ 29,476 |

See accompanying notes to financial statements.

| 2009 PBCE Hookup Financing Note | 2011 Road Improvement Note | 2013 Road Improvement Note | Total Nonmajor Debt Service Funds |
|--|---|---|--|
| \$ 249,941 | \$ 173,257 | \$ 72,665 | \$ 821,009 |
| 417 | 219 | 192 | 1,290 |
| - | 9,493 | - | 9,493 |
| 250,358 | 182,969 | 72,857 | 831,792 |
| 141,000 | 104,990 | 47,630 | 565,883 |
| 71,863 | 64,367 | 23,745 | 195,210 |
| 32,536 | 1,470 | 618 | 37,305 |
| 245,399 | 170,827 | 71,993 | 798,398 |
| 4,959 | 12,142 | 864 | 33,394 |
| 154,659 | 56,616 | 8,331 | 343,415 |
| \$ 159,618 | \$ 68,758 | \$ 9,195 | \$ 376,809 |

See accompanying notes to financial statements .

SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended September 30, 2015*

| | 1988 Drainage Plan | Total Nonmajor Capital Projects |
|---|--------------------------|--|
| <hr/> | | |
| Revenues: | | |
| Investment income | 76 | 76 |
| Total revenues | 76 | 76 |
| <hr/> | | |
| Expenditures: | | |
| Capital outlay | - | - |
| Total expenditures | - | - |
| <hr/> | | |
| Excess (deficiency) of revenues over (under) expenditures | 76 | 76 |
| <hr/> | | |
| Fund balances, beginning of year | 180,913 | 180,913 |
| Fund balances, end of year | \$ 180,989 | \$ 180,989 |
| <hr/> | | |

See accompanying notes to financial statements.

REQUIRED REPORTS

This page intentionally left blank



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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated March 29, 2016.

Internal Control Over Financial Reporting

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

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

Bhav & Associates

March 29, 2016



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

2700 North Military Trail • Suite 350
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined South Indian River Water Control District, Jupiter, Florida's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

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

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

This report 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, 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.

Grau & Associates

March 29, 2016



**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

Report on the Financial Statements

We have audited the accompanying basic financial statements South Indian River Water Control District, Jupiter, Florida (the "District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 29, 2016.

Auditor's Responsibility

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

Other Reports and Schedule

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 Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2016, should be considered in conjunction with this management letter.

Purpose of this 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

March 29, 2016

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

None

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, 2014.

2. 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, 2015.

3. 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, 2015.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. 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, 2015 financial audit report.
6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2015. 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.