

# **SOUTH INDIAN RIVER WATER CONTROL DISTRICT**



**FINANCIAL STATEMENTS  
September 30, 2011**

# South Indian River Water Control District

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# South Indian River Water Control District

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## **INTRODUCTORY SECTION**

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# **South Indian River Water Control District**

## **Board of Supervisors**

**September 30, 2011**

Thomas H. Powell	President
Thomas Rice, Sr.	Vice President
Michael I. Danchuk	Member
David Beane	Member
Michael Ryan	Member

## **Counsel to the District**

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

## **Treasurer**

Charles F. Haas

Certified Public Accountant  
Palm Beach Gardens, Florida

## **District Engineer**

Lennart Lindahl  
AE Com, Inc.  
Palm City, Florida

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental 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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's 2010 financial statements and, in our report dated June 21, 2011, we expressed unqualified opinions on the respective financial statements of the government activities, each major fund, and the aggregate remaining fund information.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section and combining nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures in accordance, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

*Grand Associates*

June 19, 2012

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As management of South Indian River Water Control District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of South Indian River Water Control District for the fiscal year ended September 30, 2011. 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**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$20,414,077. Of this amount, \$2,118,289 may be used to meet the government's ongoing operations.
- The District's net assets increased by \$1,748,497 primarily by the recording of the assessments for the 16<sup>th</sup> Plan of Improvements in the amount of \$1,875,000. Consequently, assessments receivable were increased by a like amount.
- The District's total revenues (on an accrual basis) were \$5,950,904 for the year ended September 30, 2011, an increase of \$1,842,060. The increase was primarily due to the aforementioned levy of assessments for road improvements specified by the 16<sup>th</sup> Plan of Improvements.
- The total cost of all of the District's programs was \$4,202,407 an increase of \$56,394.

#### **Governmental Funds**

- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$5,524,804 an increase of \$760,143 from the prior year. This increase was primarily due to unspent proceeds of a note issued to fund the improvements to be constructed in the 16<sup>th</sup> Plan of Improvements.
- At the end of the current fiscal year, the District's assigned fund balances totaled \$1,544,218 or 28% 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 Assets 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 assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, an increase or decrease in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 9 – 11 of this report.

Under Governmental Accounting Standards Board (GASB) Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the District is required to report the cost of benefits to retired employees during the time of their employment and how those benefits will be funded. The State requires local governments to provide health care insurance to all retirees either funded by the government or by the retiree at the rate that all remaining employees are charged. The rate charged by insurance companies is blended rather than tiered by age. Thus, a retired employee is charged the same rate as a younger employee creating an implicit benefit. This benefit should be expensed, if material, and disclosed in the financial statement. At September 30, 2011, 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 assets and the statement of activities) and governmental funds on separate schedules following the respective governmental funds.

At September 30, 2011, the District maintained 21 individual governmental funds: 7 special revenue funds, 11 debt service funds, and 3 capital project funds. Some funds are required by state law. However, the District establishes other funds to help it control and manage money for particular purposes or to show that it is meeting its legal and fiduciary responsibilities. The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Accordingly, 7 major funds are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are reported in these statements as a combined total.

The District uses an internal service fund,(a proprietary fund), to account for services provided to the other funds. Proprietary fund activities are reported in the same accounting basis and measurement focus as the statement of net assets 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 assets 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 \$20,414,077 at the close of the most recent year. The largest portion of the District’s net assets (56%) 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 assets (34%) reflects its investments in capital assets (land, canals and dikes, buildings, machinery and equipment). The District uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. The remaining unrestricted net assets, \$2,118,289, may be used to meet ongoing operations.

The following analysis highlights the net assets as of September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current and other assets	\$ 7,822,880	\$ 6,555,916	\$ 1,266,964	19%
Long-term receivables	26,165,735	25,853,526	312,209	1%
Intangible assets	916,234	935,122	(18,888)	-2%
Capital assets	15,192,243	13,897,311	1,294,932	9%
Total assets	<u>50,097,092</u>	<u>47,241,875</u>	<u>2,855,217</u>	<u>6%</u>
Current liabilities	2,805,076	1,981,935	823,141	42%
Non-current debt	26,877,939	26,594,360	283,579	1%
Total liabilities	<u>29,683,015</u>	<u>28,576,295</u>	<u>1,106,720</u>	<u>4%</u>
Net assets:				
Invested in capital assets	6,875,041	6,636,799	238,242	4%
Restricted for:				
Capital projects	531,791	10,350	521,441	5038%
Debt service	10,888,956	9,685,160	1,203,796	12%
Unrestricted	2,118,289	2,333,271	(214,982)	-9%
Total net assets	<u>\$ 20,414,077</u>	<u>\$ 18,665,580</u>	<u>\$ 1,748,497</u>	<u>9%</u>

The following analysis highlights the changes in net assets for the years ended September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues:				
Program revenues:				
Assessments	\$ 5,723,516	\$ 3,849,811	\$ 1,873,705	49%
Charges for services	30,000	195,426	(165,426)	-85%
Restricted investment income	18,304	27,572	(9,268)	-34%
General revenues:				
Other income	179,084	36,035	143,049	397%
Total revenues	<u>5,950,904</u>	<u>4,108,844</u>	<u>1,842,060</u>	<u>45%</u>
Program expenses including direct expenses:				
Water control	1,057,726	1,177,877	(120,151)	-10%
Road maintenance	1,553,198	1,250,574	302,624	24%
Recreation	18,614		18,614	100%
Infrastructure financing	1,572,869	1,717,562	(144,693)	-8%
Total program expenses	<u>4,202,407</u>	<u>4,146,013</u>	<u>56,394</u>	<u>1%</u>
Non program expense				
Application of connection fees to the reduction of debt	-	2,150,000	(2,150,000)	-100%
Total expenses	<u>4,202,407</u>	<u>6,296,013</u>	<u>(2,093,606)</u>	<u>-33%</u>
Increase (decrease) in net assets	1,748,497	(2,187,169)	3,935,666	-180%
Net assets, beginning of year	<u>18,665,580</u>	<u>20,852,749</u>	<u>(2,187,169)</u>	<u>-10%</u>
Net assets, end of year	<u>\$ 20,414,077</u>	<u>\$ 18,665,580</u>	<u>\$ 1,748,497</u>	<u>9%</u>

### Significant Activities

Construction was begun on the 16<sup>th</sup> Plan of Improvements that was approved last year. Under the plan, 5.5 miles of roads will be improved at a cost of \$1,875,000. In order to be cost efficient, the District added a road overlay and paving of the parking lot in its new park to the construction contract. With these new tasks the estimated contract completion date is April 2012.

In December 2011, the District issued a note in the amount of \$3,150,000, which together with the Reserve Account and Principal and Interest Account of the 2001 Section 15 Refunding Bonds were used to call all of the 2001 Bonds. The terms of the refunding note call for annual debt service of approximately \$580,000 per year for six years. (the term remaining on the 2001 bonds). As a result of this transaction landowners in the Egret Landing community will realize savings of approximately \$631,000 over the remaining term.

### **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.



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**GOVERNMENT-WIDE**

**FINANCIAL STATEMENTS**

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# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

## Statements of Net Assets

September 30, 2011 and 2010

	2011	2010
<b>Assets:</b>		
Current assets		
Cash and short-term investments - unrestricted	\$ 2,933,198	\$ 304,760
Cash and short-term investments - restricted	3,253,250	4,757,161
Receivables:		
Special assessments receivable - current portion - restricted	1,548,548	1,410,200
Due from other governments	-	38,899
Accounts receivable	38,261	38,864
Prepaid expenses	49,623	6,032
<b>Total current assets</b>	<b>7,822,880</b>	<b>6,555,916</b>
Noncurrent assets		
Long term receivable - special assessments - restricted	26,165,735	25,853,526
Bond issuance costs, net of \$372,256 and \$332,692 amortization	916,234	935,122
Capital assets not being depreciated:		
Land, canals, easements, and construction in progress	8,030,407	6,687,280
Capital assets being depreciated	8,899,146	8,814,730
Accumulated depreciation on depreciable capital assets	(1,737,310)	(1,604,699)
<b>Total noncurrent assets</b>	<b>42,274,212</b>	<b>40,685,959</b>
<b>Total assets</b>	<b>\$ 50,097,092</b>	<b>\$ 47,241,875</b>
<b>Liabilities:</b>		
Current liabilities:		
Accounts and contracts payable	\$ 932,725	\$ 279,378
Accrued interest payable	287,802	292,357
Current portion of long-term debt	1,584,548	1,410,200
<b>Total current liabilities</b>	<b>2,805,075</b>	<b>1,981,935</b>
Noncurrent liabilities:		
Bonds payable	18,771,735	19,545,875
Notes payable	8,070,945	6,994,736
Accrued compensated absences	35,260	53,749
<b>Total noncurrent liabilities</b>	<b>26,877,940</b>	<b>26,594,360</b>
<b>Total liabilities</b>	<b>29,683,015</b>	<b>28,576,295</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	6,875,040	6,636,799
Restricted for:		
Capital projects	531,791	10,350
Debt service	10,888,957	9,685,160
Unrestricted	2,118,289	2,333,271
<b>Total net assets</b>	<b>20,414,077</b>	<b>18,665,580</b>
<b>Total liabilities and net assets</b>	<b>\$ 50,097,092</b>	<b>\$ 47,241,875</b>

See accompanying notes to financial statements.

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Statements of Activities*

*Year Ended September 30, 2011 and 2010*

	2011				
	Total	Water Control	Road Maintenance	Park Maintenance	Infrastructure Financing
<b>Expenses:</b>					
Direct expense:					
Physical environment	\$ 999,036	\$ 999,036	\$ -	\$ -	\$ -
Transportation	1,183,378	-	1,183,378		-
Recreation	18,614			18,614	
Interest on debt	1,322,009	-	-		1,322,009
Indirect expenses:					
Depreciation	428,510	58,690	369,820		-
Other	250,860	-	-		250,860
<b>Total expenses</b>	<b>4,202,407</b>	<b>1,057,726</b>	<b>1,553,198</b>	<b>18,614</b>	<b>1,572,869</b>
<b>Revenues:</b>					
Program revenues:					
Assessments	5,723,516	1,147,979	1,158,609		3,416,928
Charges for services - external	30,000	-	30,000		-
Restricted investment earnings	18,304	4,312	4,610		9,382
<b>Total program revenues</b>	<b>5,771,820</b>	<b>1,152,291</b>	<b>1,193,219</b>	<b>-</b>	<b>3,426,310</b>
<b>Net program income (expense)</b>	<b>\$ 1,569,413</b>	<b>\$ 94,565</b>	<b>\$ (359,979)</b>	<b>(18,614)</b>	<b>\$ 1,853,441</b>
General revenues:					
Gain on sale of equipment	68,500				
Other income	110,584				
<b>Total general revenues</b>	<b>179,084</b>				
Special Item					
Change in net assets	1,748,497				
Net assets - beginning	18,665,580				
<b>Net assets - ending</b>	<b>\$ 20,414,077</b>				

*See accompanying notes to financial statements.*

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Statements of Activities*

*Year Ended September 30, 2011 and 2010*

	2010			
	Total	Water Control	Road Maintenance	Infrastructure Financing
<b>Expenses:</b>				
Direct expenses:				
Physical environment	\$ 1,122,049	\$ 1,122,049	\$ -	\$ -
Transportation	902,761	-	902,761	-
Interest on debt	1,380,466	-	-	1,380,466
Indirect expenses:				
Depreciation	403,641	55,828	347,813	-
Other	337,096	-	-	337,096
<b>Total expenses</b>	<b>4,146,013</b>	<b>1,177,877</b>	<b>1,250,574</b>	<b>1,717,562</b>
<b>Revenues:</b>				
Program revenues:				
Assessments	3,849,811	1,197,634	1,154,422	1,497,755
Charges for services - external	195,426	-	50,223	145,203
Restricted investment earnings	27,572	5,527	4,688	17,357
<b>Total program revenues</b>	<b>4,072,809</b>	<b>1,203,161</b>	<b>1,209,333</b>	<b>1,660,315</b>
<b>Net program income (expense)</b>	<b>\$ (73,204)</b>	<b>\$ 25,284</b>	<b>\$ (41,241)</b>	<b>\$ (57,247)</b>
General revenues:				
Gain on sale of equipment	10,000			
Other income	26,035			
<b>Total general revenues</b>	<b>36,035</b>			
Special Item				
Application of Connection Fees to the reduction of debt	(2,150,000)			
Change in net assets	(2,187,169)			
Net assets - beginning	20,852,749			
<b>Net assets - ending</b>	<b>\$ 18,665,580</b>			

*See accompanying notes to financial statements.*

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## **Fund Financial Statements**

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*Governmental Funds*

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# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Balance Sheet

Governmental Funds

September 30, 2011

	Special Revenue Funds		
	Water Control Eastside	Water Control Westside	Road Maintenance - Jupiter Farms
<b>Assets:</b>			
Cash and short-term investments	\$ 60,000	\$ 376,112	\$ 607,094
Receivables:			
Special assessments	-	-	-
Due from other funds	-	-	230,000
Accounts receivable	1,675	5,050	4,665
<b>Total assets</b>	<b>\$ 61,675</b>	<b>\$ 381,162</b>	<b>\$ 841,759</b>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 38,925	\$ 20,059	\$ 15,009
Due to other funds	20,957	230,000	-
Deferred revenue	-	-	-
<b>Total liabilities</b>	<b>59,882</b>	<b>250,059</b>	<b>15,009</b>
Fund balances:			
Restricted			
Restricted for debt service	-	-	-
Restricted for future construction	-	-	-
Committed:			
Committed for renewal and replacement			
Assigned	1,793	131,103	826,750
<b>Total fund balances</b>	<b>1,793</b>	<b>131,103</b>	<b>826,750</b>
<b>Total liabilities and fund balances</b>	<b>\$ 61,675</b>	<b>\$ 381,162</b>	<b>\$ 841,759</b>

See accompanying notes to financial statements.

Debt Service Funds			Capital Projects		
2001 Section 15 Refunding Bonds	2006 Water Distribution System Bonds	2009 PBCE Hookup Financing Note	Road Improvement Funds	Other Governmental Funds	Total Governmental Funds
\$ 1,454,285	\$ 135,649	\$ 147,135	\$ 1,588,494	\$ 1,817,679	\$ 6,186,448
4,340,000	15,190,000	2,095,000	-	6,760,493	28,385,493
-	-	-	-	51,538	281,538
4,083	7,049	1,338	-	6,901	30,761
<b>\$ 5,798,368</b>	<b>\$ 15,332,698</b>	<b>\$ 2,243,473</b>	<b>\$ 1,588,494</b>	<b>\$ 8,636,611</b>	<b>\$ 34,884,240</b>
\$ 10,597	\$ 943	\$ 176	\$ 597,522	\$ 39,755	\$ 722,986
-	-	-	-	-	250,957
4,340,000	15,190,000	2,095,000	-	6,760,493	28,385,493
4,350,597	15,190,943	2,095,176	597,522	6,800,248	29,359,436
1,447,771	141,755	148,297	-	386,653	2,124,476
-	-	-	531,791	446,954	978,745
-	-	-	459,181	418,184	877,365
-	-	-	-	584,572	1,544,218
1,447,771	141,755	148,297	990,972	1,836,363	5,524,804
<b>\$ 5,798,368</b>	<b>\$ 15,332,698</b>	<b>\$ 2,243,473</b>	<b>\$ 1,588,494</b>	<b>\$ 8,636,611</b>	<b>\$ 34,884,240</b>

See accompanying notes to financial statements.

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# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Assets  
September 30, 2011

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Total governmental fund balances \$ 5,524,804

Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in funds:

Capital assets	\$ 15,484,087	
Less accumulated depreciation	<u>(1,007,301)</u>	14,476,786

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 assets. 497,000

Costs of issuing bonds are capitalized and amortized over the life of the obligation:

Costs of issuance	1,307,378	
Accumulated amortization	<u>(391,144)</u>	916,234

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. 27,714,283

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

Bonds & notes payable	(28,427,228)	
Accrued interest on long-term debt	<u>(287,802)</u>	(28,715,030)

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**Total net assets** \$ **20,414,077**

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See accompanying notes to financial statements.

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2011*

	<b>Special Revenue Funds</b>		
	<b>Water Control Eastside</b>	<b>Water Control Westside</b>	<b>Road Maintenance - Jupiter Farms</b>
<b>Revenues:</b>			
Assessments	\$ 258,909	\$ 889,070	\$ 778,615
Investment income	787	3,311	2,835
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>259,696</b>	<b>892,381</b>	<b>781,450</b>
<b>Expenditures:</b>			
Current:			
Physical environment	385,491	694,726	-
Transportation	-	-	735,520
Recreation			
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Other debt service	-	-	-
<b>Total expenditures</b>	<b>385,491</b>	<b>694,726</b>	<b>735,520</b>
Excess (deficiency) of revenues over (under) expenditures	(125,795)	197,655	45,930
<b>Other financing sources (uses):</b>			
Special assessment note issued	-	-	-
Transfers in	60,000	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(65,795)	197,655	45,930
Fund balances, beginning of year	67,588	(66,552)	780,820
<b>Fund balances, end of year</b>	<b>\$ 1,793</b>	<b>\$ 131,103</b>	<b>\$ 826,750</b>

*See accompanying notes to financial statements.*

Debt Service Funds			Capital Projects		
2001 Section 15 Refunding Bonds	2006 Water Distribution System Bonds	2009 PBCE Hookup Financing Note	Road Improvement Funds	Other Governmental Funds	Total Governmental Funds
\$ 672,953	\$ 1,198,185	\$ 232,191	\$ -	\$ 1,243,036	\$ 5,272,959
1,599	3,392	754	358	5,238	18,274
-	83,836	-	-	-	83,836
<b>674,552</b>	<b>1,285,413</b>	<b>232,945</b>	<b>358</b>	<b>1,248,274</b>	<b>5,375,069</b>
-	-	-	-	-	1,080,217
-	-	-	-	367,851	1,103,371
-	-	-	1,528,563	18,656	18,656
-	-	-	-	-	1,528,563
440,000	305,000	120,000	-	559,444	1,424,444
215,415	758,674	93,648	-	232,966	1,300,703
18,035	179,288	22,215	-	12,434	231,972
<b>673,450</b>	<b>1,242,962</b>	<b>235,863</b>	<b>1,528,563</b>	<b>1,191,351</b>	<b>6,687,926</b>
1,102	42,451	(2,918)	(1,528,205)	56,923	(1,312,857)
-	-	-	1,875,000	-	1,875,000
-	-	-	208,000	150,000	418,000
-	-	-	-	(220,000)	(220,000)
-	-	-	<b>2,083,000</b>	<b>(70,000)</b>	<b>2,073,000</b>
1,102	42,451	(2,918)	554,795	(13,077)	760,143
1,446,669	99,304	151,215	436,177	1,849,440	4,764,661
<b>\$ 1,447,771</b>	<b>\$ 141,755</b>	<b>\$ 148,297</b>	<b>\$ 990,972</b>	<b>\$ 1,836,363</b>	<b>\$ 5,524,804</b>

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, 2011*

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Net change in fund balances - total governmental funds \$ 760,143

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 1,028,547

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

Special assessment debt issued	\$ (1,875,000)	
Special assessment debt principal payments	1,424,444	
Amortization of bond costs and interest adjustments	<u>(40,194)</u>	
Total debt adjustments		(490,750)

Governmental funds report annual collections of debt assessments as revenue, including the portion collected for principal repayment. However, in the statement of activities, the principal repayment portion was recognized as revenue upon adoption of the resolutions authorizing the debt. This category also includes the application of funds collected on behalf of landowners (Connection Fees) which were used to reduce debt payments. 450,557

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**Change in net assets \$ 1,748,497**

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*Proprietary Fund-Internal Service Fund*

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# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Net Assets

Internal Service Fund

September 30, 2011

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**Assets:**

## Current assets:

Cash and short-term investments	\$	-
Accounts receivable		7,500
Prepaid expenses		49,623
<b>Total current assets</b>		<b>57,123</b>

## Noncurrent assets:

Equipment		1,445,466
Accumulated depreciation		(730,009)
<b>Total noncurrent assets</b>		<b>715,457</b>
<b>Total assets</b>	<b>\$</b>	<b>772,580</b>

**Liabilities:**

## Current liabilities:

Accounts payable and accrued expenses	\$	209,739
Due to othe funds		30,581
<b>Total current liabilities</b>		<b>240,320</b>

## Noncurrent liabilities:

Accrued compensated absences		35,260
<b>Total liabilities</b>		<b>275,580</b>

**Net Assets**

Invested in capital assets		497,000
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>772,580</b>

See accompanying notes to financial statements.

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Fund

Year Ended September 30, 2011

<b>Operating revenues:</b>	
Charges for services	\$ 1,520,798
Other	2,148
<b>Total operating revenues</b>	<b>1,522,946</b>
<b>Operating expenses:</b>	
Personal services	652,587
Materials, supplies, services and other operating expenses	651,559
Depreciation	113,930
<b>Total operating expenses</b>	<b>1,418,076</b>
Operating income	104,870
<b>Nonoperating revenues (expenses):</b>	
Investment income	30
Rental income	24,600
Gain on the disposition of equipment	68,500
Transfers out	(198,000)
<b>Total nonoperating expenses</b>	<b>(104,870)</b>
Change in net assets	-
Net assets, beginning of year	497,000
<b>Net assets, end of year</b>	<b>\$ 497,000</b>

See accompanying notes to financial statements.

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Statement of Cash Flows

Internal Service Fund

Year Ended September 30, 2011

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<b>Cash flows from operating activities:</b>	
Cash receipts from quasi-external operating transactions	\$ 1,520,798
Cash payments to suppliers for goods and services	(532,003)
Cash payments to employees for services	(671,076)
Other operating revenues	2,148
<b>Net cash provided by operating activities</b>	<b>319,867</b>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of fixed assets	(311,815)
Interfund loan	30,581
<b>Net cash used by capital and related financing activities</b>	<b>(281,234)</b>
<b>Cash flows from noncapital financing activities</b>	
Interest income	30
Other income	24,600
Transfers to other funds	(198,000)
<b>Net cash used by noncapital financing activities</b>	<b>(173,370)</b>
Net decrease in cash and cash equivalents	(134,737)
Cash and cash equivalents, beginning of year	134,737
<b>Cash and cash equivalents, end of year</b>	<b>-</b>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<b>104,870</b>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	113,930
Decrease in:	
Prepaid expenses	(43,591)
Increase in:	
Accounts payable and accrued expenses	163,147
Accrued compensated absences	(18,489)
<b>Total adjustments</b>	<b>214,997</b>
<b>Net cash provided by operating activities</b>	<b>\$ 319,867</b>

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See accompanying notes to financial statements.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Organization and Regulatory Requirements***

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

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

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

### ***Accounting Principles***

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

Management’s discussion and analysis;

Basic Financial Statements:

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Accounting Principles*** (Continued)

Notes to the financial statements;

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

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

***Comparative Data for 2010***

Comparative amounts for 2010 reported in the government-wide statement of net assets and statement of activities, are presented only to facilitate financial analysis. These amounts presented for 2010 are not intended to be a complete presentation of comparative financial statements prepared in accordance with generally accepted accounting principles. Certain reclassifications have been made to the 2010 financial statements to conform to the classifications used in 2011.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basic Financial Statements (Continued)*

**Fund Financial Statements**

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

The District reported the following seven major individual governmental funds for the year ended September 30, 2011:

*Special Revenue Funds*

Water Control Eastside

Water Control Westside

Road Maintenance – Jupiter Farms

*Debt Service Funds*

2001 Section 15 Refunding Bonds

2006 Palm Beach Country Estates Water Distribution System Bonds

2009 PBCE Hookup Financing Note

*Capital Projects Funds*

Road Improvement Funds

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

***Basis of Presentation***

**Government-wide Financial Statements**

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

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



## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Basis of Presentation*** (Continued)

#### **Fund Financial Statements**

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

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

The District uses the County Property Appraiser and Tax Collector to collect assessments. 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. The District has elected to not apply FASB Statements and Interpretations issued after November 30, 1989, as permitted by Statement No. 20 of the Governmental Accounting Standards Board.

#### ***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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District utilizes the following fund types:

**Governmental Funds**

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

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

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

**Proprietary Fund**

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

***Budgets and Budgetary Accounting***

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

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

***Statement of Cash Flows***

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Cash and Investments***

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

***Special Assessments Receivable/Deferred Revenue***

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

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

***Bond Issuance Costs***

Costs of issuing bonds are capitalized in the statement of net assets. These costs are amortized as interest expense using the straight line method over the term of the bonds. The amount reported in the statement of net assets for 2011 and 2010 is shown net of \$372,256 and \$332,692 amortization, respectively.

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

***Capital Assets and Depreciation***

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

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

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

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Capital Assets and Depreciation (Continued)***

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

### ***Net Assets***

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

Under GASB Statement No. 34, capital-related debt must be offset against the category of net assets invested in capital assessments.

### ***Fund Equity***

Governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Supervisors through a resolution are classified as committed fund balances. Amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by District's management based on Board of Supervisors direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. It is the District's policy to expend restricted funds first when both restricted and unrestricted fund balance is available unless there are legal agreements that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. Note 8 Accounting changes further explain the implementation of GASB Statement No 54.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Employee Benefits***

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

### ***Risk Management***

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees, and natural disasters. The District purchases commercial insurance for claims for all material risks of loss to which the District is exposed, including general liability, property, and workers' compensation insurance. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of the District to individual claims of \$100,000/\$200,000 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, 2011, the carrying amount of cash on hand and on deposit with banks, including interest-bearing accounts, was \$98,039. All of the District's bank deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." Under the Act, every qualified public depository shall deposit with the Chief Financial Officer eligible collateral of the depository to be held subject to his order. The Chief Financial Officer by rule, has established minimum required collateral pledging levels ranging from 25% to 125% of the average monthly balance of public deposits, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At year end, the full amount of the District's bank balances was covered by federal depository insurance.

**NOTE 2. CASH AND INVESTMENTS** Continued)

*Investments*

At September 30, 2011 the District’s investments were held as follows:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturity</u>
Money Market Funds	\$ 2,663,983	S&P: BBB	Less than 7 days
Governmental Obligation Mutual Funds	721,696	S&P: AAAM Moody's: Aaa-m	50 days
Certificates of Deposit	<u>2,702,732</u>	S&P: BBB	121 days
	<u>\$ 6,088,411</u>		

*Custodial risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The money market mutual funds are not evidenced by securities that exist in physical or book entry form. The governmentl obligation mutual funds are held by a fiscal agents in the District’s name.

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

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

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

**NOTE 3. CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 388,537	\$ -	\$ -	\$ 388,537
Canal & Dikes	6,298,743	-	-	6,298,743
Construction In Progress		1,343,127	-	1,343,127
<b>Total Capital Assets Not Being Depreciated</b>	<b>6,687,280</b>	<b>1,343,127</b>	<b>-</b>	<b>8,030,407</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	188,153	-	-	188,153
Improvements & Infrastructure:	7,265,527	-	-	7,265,527
Machinery And Equipment	1,361,050	380,315	(295,899)	1,445,466
<b>Total Capital Assets Being Depreciated</b>	<b>8,814,730</b>	<b>380,315</b>	<b>(295,899)</b>	<b>8,899,146</b>
<b>Accumulated Depreciation:</b>				
Buildings	127,005	4,704	-	131,709
Improvements & Infrastructure:	565,716	309,876	-	875,592
Equipment	911,978	113,930	(295,899)	730,009
<b>Total Accumulated Depreciation</b>	<b>1,604,699</b>	<b>428,510</b>	<b>(295,899)</b>	<b>1,737,310</b>
<b>Net Capital Assets Being Depreciated</b>	<b>7,210,031</b>	<b>(48,195)</b>	<b>-</b>	<b>7,161,836</b>
<b>Total Capital Assets, Net</b>	<b>\$ 13,897,311</b>	<b>\$ 1,294,932</b>	<b>\$ -</b>	<b>\$ 15,192,243</b>

Depreciation was charged to functions as follows:

Water Control	\$ 58,690
Road Maintenance	369,820
<b>Total depreciation expense</b>	<b>\$ 428,510</b>

**NOTE 4. LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended September 30, 2011, are summarized below:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Special Assessment Bonds	\$ 20,275,000	\$ -	\$ 745,000	\$ 19,530,000
Special Assessment Notes	7,659,933	1,875,000	679,440	8,855,493
<b>Long-term liabilities</b>	<b>\$ 27,934,933</b>	<b>\$ 1,875,000</b>	<b>\$ 1,424,440</b>	<b>\$ 28,385,493</b>

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. Reserve accounts were established and the amounts on deposit in these accounts may be issued 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 resolutions specify minimum amounts to be maintained in the reserve accounts. At September 30, 2011, the District was in compliance with such covenants.

In accordance with the Bond requirements, the District acquired financial guaranty insurance policies that in case of default would repay the principal amount on the Section 15 Refunding Bonds and the Series 2006 Bonds. In addition, in order to meet the reserve requirements under the Series 2006 Bonds, the District acquired a Debt Service Reserve Surety Bond which 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) has 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”). The restructuring has been challenged in court with a trial date set for April 2012. The insurer has recently experienced losses in excess of its reserves and other credit issues. On December 19, 2011 Moody’s Investor Service rated National B2.

The Section 15 Refunding bonds were insured by Financial Security Assurance (“FSA”). On July 1, 2010 Assured Guaranty (“Assured”) acquired FSA, renaming it Assured Guaranty Municipal Corp. As more fully described in Note 10, on December 22, 2011 using funds from the Principal and Interest Account and the Reserve Account together with the proceeds of a refunding note, the District fully redeemed these bonds.



**NOTE 4. LONG-TERM OBLIGATIONS (Continued)**

Long -term debt at September 30, 2011 consisted of the following:

**Special Assessment Bonds**

\$7,655,000 2001 Section 15 Refunding Bonds due in annual installments of \$440,000 to \$635,000 through November 1, 2018, with interest from 4.30% to 5.00% payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup> of each year. \$ 4,340,000

\$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 \$340,000 to \$1,315,000 beginning on August 1, 2007 with interest ranging from 4.65% to 5.00% payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. 15,190,000

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**Total Special Assessment Bonds** **\$ 19,530,000**

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**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.

\$699,514 2002 Jupiter Park of Commerce, Phase II Section 9 Improvement Note due in an annual installment of \$82,303 on August 1, 2012, with interest at 3.96% payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. \$ 82,303

\$311,781 2002 Jupiter Park of Commerce, Phase IIA Section 9 Improvement Note due in annual installments of \$29,324 to \$31,692 through August 1, 2014, with interest at 3.96% payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. 91,502

\$916,138 2002 Jupiter Park of Commerce, Phase IIB Section 9 Improvement Note due in annual installments of \$86,166 to \$93,125 through August 1, 2014, with interest at 3.96% payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. 268,869

\$2,200,000 2004 Series A OGEM Road Improvement Note due in annual installments of \$229,544 to April 1, 2017 with principal and interest at 3.64% payable annually on April 1<sup>st</sup> of each year. 1,217,535

**NOTE 4. LONG-TERM OBLIGATIONS (Continued)**

\$400,000 2004 Series B Unit 18 OGEM Road Improvement Note due in annual installments of \$42,079 to April 1, 2017 with principal and interest at 3.78% payable annually on April 1 <sup>st</sup> of each year.	222,170
\$400,000 2004 Series C PBCE Road Improvement Note due in annual installments of \$35,876 to April 1, 2020 with principal and interest at 3.96% payable annually on April 1 <sup>st</sup> each year.	267,236
\$3,200,000 2007 OGEM Road Improvement Note due in annual installments of \$124,406 to \$229,272 through August 1, 2027, with interest at 4.16% payable semi-annually on February 1 <sup>st</sup> and August 1 <sup>st</sup> of each year.	2,750,122
\$2,330,000 2009 PBCE Hookup Financing Note due in annual installments of \$125,000 to \$196,000 through August 1, 2023 with interest at 4.17% per annum is payable semi-annually on February 1 <sup>st</sup> and August 1 <sup>st</sup> of each year. A final installment of \$199,000 plus interest at 4.17% per annum is due on July 20, 2024.	2,095,000
\$1,875,000 2011 Road Improvement Note due in annual installments of \$93,150 to \$162,880 through August 1, 2026, with interest at 4.16% payable semi-annually on February 1 <sup>st</sup> and August 1 <sup>st</sup> of each year.	1,860,756
<b>Total Long-Term Notes</b>	<b>8,855,493</b>
<b>Total Long-Term Obligations</b>	<b>\$ 28,385,493</b>
Reported in the statement of net assets as:	
Total long-term obligations	\$ 28,385,493
Add deferred charges	41,735
Less current portion	(1,584,548)
<b>Noncurrent portion</b>	<b>\$ 26,842,680</b>

**NOTE 4. LONG-TERM OBLIGATIONS (Continued)**

Changes in long-term obligations for the year ended September 30, 2011, are summarized below:

	<b>2001 Section 15 Refunding Bonds</b>	<b>2006 PBCE Water Distribution System Bonds</b>	<b>Total Bonds Payable</b>
Long-term obligations October 1, 2010	\$ 4,780,000	\$ 15,495,000	\$ 20,275,000
Bonds/notes issued	-		-
Bonds/notes retired	(440,000)	(305,000)	(745,000)
<b>Long-term obligations, September 30, 2011</b>	<b>\$ 4,340,000</b>	<b>\$ 15,190,000</b>	<b>\$ 19,530,000</b>

Debt service requirements to maturity are as follows:

	<b>2001 Section 15 Refunding Bonds</b>	<b>2006 PBCE Water Distribution System Bonds</b>	<b>Total Bonds Payable</b>
2012	655,838	1,086,932	1,742,770
2013	654,918	1,109,932	1,764,850
2014	657,503	1,124,732	1,782,235
2015	653,550	1,153,000	1,806,550
2016	657,892	1,175,500	1,833,392
2017-2022	1,952,932	6,248,362	8,201,294
2022-2027	-	6,920,642	6,920,642
2027-2032	-	5,645,050	5,645,050
Totals	5,232,633	24,464,150	29,696,783
Less amount representing interest	892,633	9,274,150	10,166,783
<b>Totals</b>	<b>\$ 4,340,000</b>	<b>\$ 15,190,000</b>	<b>\$ 19,530,000</b>

**NOTE 4. LONG-TERM OBLIGATIONS (Continued)**

	<b>2002 Refunding Notes Section 9 Phases II, IIA &amp; IIB</b>	<b>2004 Road Improvement Notes Series A, B &amp; C</b>	<b>2007 OGEM Road Resurfacing Notes</b>	<b>2009 PBCE Hookup Financing Program</b>
Long-term obligations October 1, 2010	\$ 632,932	\$ 1,942,444	\$ 2,869,557	\$ 2,215,000
Bonds/notes issued				
Bonds/notes retired	(190,258)	(235,503)	(119,435)	(120,000)
<b>Long-term obligations, September 30, 2011</b>	<b>\$ 442,674</b>	<b>\$ 1,706,941</b>	<b>\$ 2,750,122</b>	<b>\$ 2,095,000</b>

Debt service requirements to maturity are as follows:

	<b>2002 Refunding Notes Section 9 Phases II, IIA &amp; IIB</b>	<b>2004 Road Improvement Notes Series A, B &amp; C</b>	<b>2007 OGEM Road Resurfacing Notes</b>	<b>2009 PBCE Hookup Financing Program</b>
2012	215,322	307,499	238,810	213,818
2013	129,760	307,500	238,810	213,290
2014	129,761	307,499	238,810	213,794
2015	-	307,499	238,810	213,044
2015	-	307,499	238,809	213,263
2017-2022	-	415,125	1,194,049	1,064,925
2022-2027	-	-	1,194,049	632,509
2027-2032	-	-	238,810	-
<b>Totals</b>	<b>474,843</b>	<b>1,952,621</b>	<b>3,820,957</b>	<b>2,764,643</b>
Less amount representing interest	32,169	245,680	1,070,835	669,643
<b>Totals</b>	<b>\$ 442,674</b>	<b>\$ 1,706,941</b>	<b>\$ 2,750,122</b>	<b>\$ 2,095,000</b>

**NOTE 4. LONG-TERM OBLIGATIONS** (Continued)

<b>2011 Road Improvement Note</b>	<b>Total Notes Payable</b>	<b>Total Notes and Bonds Payable</b>	<b>Amount Representing Principal</b>
\$ -	\$ 7,659,933	\$ 27,934,933	\$ 27,934,933
1,875,000	1,875,000	1,875,000	1,875,000
(14,244)	(679,440)	(1,424,440)	(1,424,440)
<b>\$ 1,860,756</b>	<b>\$ 8,855,493</b>	<b>\$ 28,385,493</b>	<b>\$ 28,385,493</b>

<b>2011 Road Improvement Note</b>	<b>Total Notes Payable</b>	<b>Total Notes and Bonds Payable</b>	<b>Amount Representing Interest</b>	<b>Amount Representing Principal</b>
168,883	1,144,332	2,887,102	1,302,554	1,584,548
168,882	1,058,242	2,823,092	1,233,291	1,589,801
168,886	1,058,750	2,840,985	1,166,739	1,674,246
168,880	928,233	2,734,783	1,100,946	1,633,837
168,887	928,458	2,761,850	1,026,830	1,735,020
844,415	3,518,514	11,719,808	3,968,891	7,750,917
830,234	2,656,792	9,577,434	2,339,582	7,237,852
-	238,810	5,883,860	704,588	5,179,272
2,519,067	11,532,131	41,228,914	12,843,421	28,385,493
658,311	2,676,638	12,843,421	(12,843,421)	-
<b>\$ 1,860,756</b>	<b>\$ 8,855,493</b>	<b>\$ 28,385,493</b>	<b>\$ -</b>	<b>\$ 28,385,493</b>

**NOTE 5. 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, 2011 plan members are required to contribute 3% of their eligible compensation to the Plan. For the year ended September 30, 2011, the District was required to contribute 10.77% to June 30, 2011 and subsequent to that date 4.91% of the annual covered salary for the regular member class. The District contributed 14.57% through March 31, 2012 for the senior management class. Subsequent to that date the District had no participants in the senior management class. The District's contributions to FRS for the years ended September 30, 2011, 2010, and 2009 were \$20,893, \$33,553 and \$31,623, respectively, equal to the required contributions for each year.

***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, 2011, there were 12 plan members. The District's total payroll for all employees covered by the plan was \$281,068. The District's total payroll for all employees was \$558,298. 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 6. INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS**

The composition of inter-fund balances as of September 30, 2011, is as follows:

Receivable Fund	Payable Fund	Amount
Road Maintenance -Jupiter Farms	Water Control Westside	\$ 230,000
Road Maintenance -PBCE	Water Control Eastside	20,957
Equipment Renewal & Replacement	Internal Service	30,581
Totals		281,538

**NOTE 6. INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS (Continued)**

The interfund payables relate to the working capital needs of the recipient funds. These amounts are expected to be repaid in the ensuing fiscal year.

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 Park Maintenance and the Road Improvement funds

During the year ended September 30, 2011, the District had the following transfers between funds:

	<b>Transfers In</b>	<b>Transfers Out</b>
Major fund:		
Road Improvement Funds	208,000	-
Water Control Eastside	60,000	
Nonmajor fund:		
Road Maintenance-PBCE	-	210,000
Park Maintenance- PBCE	150,000	-
2004 Series C PBCE Road Improvement		10,000
Proprietary Fund		
Internal Service Fund	-	198,000
<b>Totals</b>	<b>\$ 418,000</b>	<b>\$ 418,000</b>

**NOTE 7. ACCOUNTING CHANGES**

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District implemented this standard in the current year. Additional information on the changes to the governmental fund type fund balance reporting that is reflected in the financial statements can be found in Note 1, Fund Equity.

## **NOTE 8. COMMITMENTS**

### ***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. The amounts received from the Town will be used by the District to reduce the debt service on the Series 2006 B bonds. On August 1, 2011 the District called \$2,150,000 of the Series 2006 B bonds. The Town has also agreed to reimburse the District for the actual costs of constructing certain portions of the system, less the \$550,000 credit already applied.

During the year ended September 30, 2009 the system was transferred to the Town. Consequently, the cost of constructing the system in the amount of \$18,879,849 was removed from the District’s books. At September 30, 2011 the District had received \$1,978,358 from inception from the Town as reimbursement for prepaid connection fees.

## **NOTE 9. SUBSEQUENT EVENTS**

### ***Bond Redemption***

On December 22, 2011 the District using funds in the Principal and Interest account and the Reserve account together with proceeds from a Refunding Note totaling \$3,906,310 redeemed all of the 2001 Section 15 Refunding Bonds. Terms of the Note call for semiannual interest payments and annual installments of principal totaling approximately \$580,000 per year for six years. As a result of this transactions savings of approximately \$631, 000 will be realized in debt service assessments over the term of the new loan.



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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Budgetary Comparison Schedule*

*Water Control Eastside - Special Revenue Fund*

*Year Ended September 30, 2011*

		Budget Original	Budget Final	Actual Amounts	Variance From Final Budget Positive/ (Negative)
<b>Revenues:</b>					
Assessments	\$	257,280	\$ 257,280	\$ 258,909	\$ 1,629
Investment income		1,200	1,200	787	(413)
<b>Total revenues</b>		<b>258,480</b>	<b>258,480</b>	<b>259,696</b>	<b>1,216</b>
<b>Expenditures:</b>					
Current:					
Physical environment		219,635	219,635	385,491	(165,856)
<b>Total expenditures</b>		<b>219,635</b>	<b>219,635</b>	<b>385,491</b>	<b>(165,856)</b>
Excess (deficiency) of revenues over (under) expenditures		38,845	38,845	(125,795)	(164,640)
<b>Other financing uses:</b>					
Transfers in		-	-	60,000	60,000
<b>Total other financing uses</b>		<b>-</b>	<b>-</b>	<b>60,000</b>	<b>60,000</b>
Net change in fund balance		38,845	38,845	(65,795)	(104,640)
Fund balances, beginning of year		243,668	67,588	67,588	-
<b>Fund balances, end of year</b>	<b>\$</b>	<b>282,513</b>	<b>\$ 106,433</b>	<b>\$ 1,793</b>	<b>\$ (104,640)</b>

*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, 2011*

	<b>Budget Original</b>	<b>Budget Final</b>	<b>Actual Amounts</b>	<b>Variance From Final Budget Positive/ (Negative)</b>
<b>Revenues:</b>				
Assessments	\$ 878,400	\$ 878,400	\$ 889,070	\$ 10,670
Investment income		-	3,311	3,311
Miscellaneous		-	-	-
<b>Total revenues</b>	<b>878,400</b>	<b>878,400</b>	<b>892,381</b>	<b>13,981</b>
<b>Expenditures:</b>				
Current:				
Physical environment	696,650	696,650	694,726	1,924
<b>Total expenditures</b>	<b>696,650</b>	<b>696,650</b>	<b>694,726</b>	<b>1,924</b>
Net change in fund balance	181,750	181,750	197,655	15,905
Fund balances, beginning of year	(80,325)	(66,552)	(66,552)	-
<b>Fund balances, end of year</b>	<b>\$ 101,425</b>	<b>\$ 115,198</b>	<b>\$ 131,103</b>	<b>\$ 15,905</b>

*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, 2011*

	<b>Budget Original</b>	<b>Budget Final</b>	<b>Actual Amounts</b>	<b>Variance From Final Budget Positive/ (Negative)</b>
<b>Revenues:</b>				
Assessments	\$ 758,400	\$ 758,400	\$ 778,615	\$ 20,215
Charges for services	12,000	12,000	-	(12,000)
Investment income	4,200	4,200	2,835	(1,365)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>774,600</b>	<b>774,600</b>	<b>781,450</b>	<b>6,850</b>
<b>Expenditures:</b>				
Current:				
Transportation	821,425	821,425	735,520	85,905
<b>Total expenditures</b>	<b>821,425</b>	<b>821,425</b>	<b>735,520</b>	<b>85,905</b>
Net change in fund balance	(46,825)	(46,825)	45,930	92,755
Fund balances, beginning of year	841,331	780,820	780,820	-
<b>Fund balances, end of year</b>	<b>\$ 794,506</b>	<b>\$ 733,995</b>	<b>\$ 826,750</b>	<b>\$ 92,755</b>

*See accompanying notes to financial statements.*

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## **COMBINING FINANCIAL STATEMENTS**

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# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet  
Other Governmental Funds  
September 30, 2011*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
<b>Assets:</b>				
Cash and short-term investments	\$ 596,243	\$ 386,879	\$ 834,557	\$ 1,817,679
Receivables:				
Special assessments	-	6,760,493	-	6,760,493
Due from other funds	20,957	-	30,581	51,538
Accounts receivable	2,119	4,782	-	6,901
<b>Total assets</b>	<b>\$ 619,319</b>	<b>\$ 7,152,154</b>	<b>\$ 865,138</b>	<b>\$ 8,636,611</b>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 34,747	\$ 5,008	\$ -	\$ 39,755
Deferred revenue	-	6,760,493	-	6,760,493
<b>Total liabilities</b>	<b>34,747</b>	<b>6,765,501</b>	<b>-</b>	<b>6,800,248</b>
Fund balances:				
Restricted				
Restricted for debt service	-	386,653	-	386,653
Restricted for future construction	-	-	446,954	446,954
Committed:				
Committed for renewal and replacement	-	-	418,184	418,184
Assigned	584,572	-	-	584,572
<b>Total fund balances</b>	<b>584,572</b>	<b>386,653</b>	<b>865,138</b>	<b>1,836,363</b>
<b>Total liabilities and fund balances</b>	<b>\$ 619,319</b>	<b>\$ 7,152,154</b>	<b>\$ 865,138</b>	<b>\$ 8,636,611</b>

*See accompanying notes to financial statements.*

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Combining Balance Sheet

Nonmajor Special Revenue Funds

September 30, 2011

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	Road Maintenance PBCE	Park Maintenance PBCE	Road Maintenance Egret Landing
<b>Assets:</b>			
Cash and short-term investments	\$ 382,664	\$ 132,428	\$ 33,707
Receivables:			
Due from other funds	20,957	-	-
Accounts receivable	2,119	-	-
<b>Total assets</b>	<b>\$ 405,740</b>	<b>\$ 132,428</b>	<b>\$ 33,707</b>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 14,962	\$ 1,084	\$ 18,701
<b>Total liabilities</b>	<b>14,962</b>	<b>1,084</b>	<b>18,701</b>
Fund balances:			
Assigned	390,778	131,344	15,006
<b>Total fund balances</b>	<b>390,778</b>	<b>131,344</b>	<b>15,006</b>
<b>Total liabilities and fund balances</b>	<b>\$ 405,740</b>	<b>\$ 132,428</b>	<b>\$ 33,707</b>

See accompanying notes to financial statements.

<b>Jupiter Park of Commerce</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 47,444	\$ 596,243
-	20,957
-	2,119
<b>\$ 47,444</b>	<b>\$ 619,319</b>
\$ -	\$ 34,747
-	34,747
47,444	584,572
47,444	584,572
<b>\$ 47,444</b>	<b>\$ 619,319</b>

*See accompanying notes to financial statements.*

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet  
Nonmajor Debt Service Funds  
September 30, 2011*

	2002 Refunding Notes Section 9 Phase II	2002 Refunding Notes Section 9 Phase IIA	2002 Refunding Notes Section 9 Phase IIB	2004 Series A OGEM Road Improvement Note
<b>Assets:</b>				
Cash and short-term investments	\$ 63,002	\$ 56,882	\$ 41,144	\$ 42,374
Receivables:				
Special assessments	82,303	91,502	268,869	1,217,535
Accounts receivable	582	254	615	1,369
<b>Total assets</b>	<b>\$ 145,887</b>	<b>\$ 148,638</b>	<b>\$ 310,628</b>	<b>\$ 1,261,278</b>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 4,449	\$ 34	\$ 81	\$ 188
Deferred revenue	82,303	91,502	268,869	1,217,535
<b>Total liabilities</b>	<b>86,752</b>	<b>91,536</b>	<b>268,950</b>	<b>1,217,723</b>
Fund balances:				
Restricted				
Restricted for debt service	59,135	57,102	41,678	43,555
<b>Total fund balances</b>	<b>59,135</b>	<b>57,102</b>	<b>41,678</b>	<b>43,555</b>
<b>Total liabilities and fund balances</b>	<b>\$ 145,887</b>	<b>\$ 148,638</b>	<b>\$ 310,628</b>	<b>\$ 1,261,278</b>

*See accompanying notes to financial statements.*

<b>2004 Series B Section 18 Road Improvement Note</b>	<b>2004 Series C PBCE Road Improvement Note</b>	<b>2007 Series A OGEM Road Note</b>	<b>2011 Road Improvement Note</b>	<b>Total Nonmajor Debt Service Funds</b>
\$ 34,000	\$ 14,395	\$ 127,880	\$ 7,202	\$ 386,879
222,170	267,236	2,750,122	1,860,756	6,760,493
266	294	1,402	-	4,782
<b>\$ 256,436</b>	<b>\$ 281,925</b>	<b>\$ 2,879,404</b>	<b>\$ 1,867,958</b>	<b>\$ 7,152,154</b>
\$ 34	\$ 38	\$ 184	\$ -	\$ 5,008
222,170	267,236	2,750,122	1,860,756	6,760,493
222,204	267,274	2,750,306	1,860,756	6,765,501
34,232	14,651	129,098	7,202	386,653
34,232	14,651	129,098	7,202	386,653
<b>\$ 256,436</b>	<b>\$ 281,925</b>	<b>\$ 2,879,404</b>	<b>\$ 1,867,958</b>	<b>\$ 7,152,154</b>

*See accompanying notes to financial statements.*

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Balance Sheet*

*Nonmajor Capital Projects Funds*

*September 30, 2011*

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	<b>1988 Drainage Plan</b>	<b>Equipment Renewal and Replacement Funds</b>	<b>Total Nonmajor Capital Projects</b>
<b>Assets:</b>			
Cash and short-term investments	\$ 446,954	\$ 387,603	\$ 834,557
Receivables:			
Due from other funds	-	30,581	30,581
<b>Total assets</b>	<b>\$ 446,954</b>	<b>\$ 418,184</b>	<b>\$ 865,138</b>
<b>Fund balances:</b>			
Restricted			
Restricted for future construction	\$ 446,954	\$ -	\$ 446,954
Committed:			
Committed for renewal and replacement	-	418,184	418,184
Total fund balances	446,954	418,184	865,138
<b>Total liabilities and fund balances</b>	<b>\$ 446,954</b>	<b>\$ 418,184</b>	<b>\$ 865,138</b>

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*See accompanying notes to financial statements.*



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# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -*

*Other Governmental Funds*

*Year Ended September 30, 2011*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
<b>Revenues:</b>				
Assessments	\$ 379,994	\$ 863,042	\$ -	\$ 1,243,036
Investment income	1,562	2,852	824	5,238
<b>Total revenues</b>	<b>381,556</b>	<b>865,894</b>	<b>824</b>	<b>1,248,274</b>
<b>Expenditures:</b>				
Current:				
Transportation	367,851	-	-	367,851
Recreation	18,656	-	-	18,656
Debt service:				
Principal retirement	-	559,444	-	559,444
Interest and fiscal charges	-	232,966	-	232,966
Other debt service	-	12,434	-	12,434
<b>Total expenditures</b>	<b>386,507</b>	<b>804,844</b>	<b>-</b>	<b>1,191,351</b>
Excess (deficiency) of revenues over (under) expenditures	(4,951)	61,050	824	<b>56,923</b>
<b>Other financing sources (uses):</b>				
Transfers in	150,000	-	-	150,000
Transfers out	(210,000)	(10,000)	-	(220,000)
<b>Total other financing sources (uses)</b>	<b>(60,000)</b>	<b>(10,000)</b>	<b>-</b>	<b>(70,000)</b>
Net change in fund balance	(64,951)	51,050	824	(13,077)
Fund balances, beginning of year	649,523	335,603	864,314	1,849,440
<b>Fund balances, end of year</b>	<b>\$ 584,572</b>	<b>\$ 386,653</b>	<b>\$ 865,138</b>	<b>\$ 1,836,363</b>

*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, 2011*

	Road Maintenance PBCE	Park Maintenance PBCE	Road Maintenance Egret Landing
<b>Revenues:</b>			
Assessments	\$ 379,994	\$ -	\$ -
Investment income	1,484	-	32
<b>Total revenue</b>	<b>381,478</b>	<b>-</b>	<b>32</b>
<b>Expenditures:</b>			
Current:			
Transportation	367,851	-	-
Recreation	-	18,656	-
<b>Total expenditures</b>	<b>367,851</b>	<b>18,656</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	13,627	(18,656)	32
<b>Other financing sources (uses):</b>			
Transfers in	-	150,000	-
Transfers out	(210,000)	-	-
<b>Total other financing sources (uses)</b>	<b>(210,000)</b>	<b>150,000</b>	<b>-</b>
Net change in fund balance	(196,373)	131,344	32
Fund balances, beginning of year	587,151	-	14,974
<b>Fund balances, end of year</b>	<b>\$ 390,778</b>	<b>\$ 131,344</b>	<b>\$ 15,006</b>

*See accompanying notes to financial statements.*

<b>Jupiter Park of Commerce</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ 379,994
46	1,562
<b>46</b>	<b>381,556</b>
-	367,851
-	18,656
<b>-</b>	<b>386,507</b>
46	(4,951)
-	150,000
-	(210,000)
-	(60,000)
46	(64,951)
47,398	649,523
<b>\$ 47,444</b>	<b>\$ 584,572</b>

*See accompanying notes to financial statement s.*

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Debt Service Funds  
Year Ended September 30, 2011*

	2002 Refunding Notes Section 9 Phase II	2002 Refunding Notes Section 9 Phase IIA	2002 Refunding Notes Section 9 Phase IIB	2004 Series A OGEM Road Improvement Note
<b>Revenues:</b>				
Assessments	\$ 97,334	\$ 59,901	\$ 101,349	\$ 240,606
Investment income	194	261	112	600
<b>Total revenues</b>	<b>97,528</b>	<b>60,162</b>	<b>101,461</b>	<b>241,206</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	79,168	28,207	82,884	178,721
Interest and fiscal charges	6,394	4,740	13,929	50,824
Other debt service	5,588	675	1,301	1,944
<b>Total expenditures</b>	<b>91,150</b>	<b>33,622</b>	<b>98,114</b>	<b>231,489</b>
Excess (deficiency) of revenues over (under) expenditures	6,378	26,540	3,347	9,717
<b>Other financing sources (uses):</b>				
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	6,378	26,540	3,347	9,717
Fund balances, beginning of year	52,757	30,562	38,331	33,838
<b>Fund balances, end of year</b>	<b>\$ 59,135</b>	<b>\$ 57,102</b>	<b>\$ 41,678</b>	<b>\$ 43,555</b>

*See accompanying notes to financial statements.*

<b>2004 Series B Section 18 Road Improvement Note</b>	<b>2004 Series C PBCE Road Improvement Note</b>	<b>2007 Series A OGEM Road Note</b>	<b>2011 Road Improvement Note</b>	<b>Total Nonmajor Debt Service Funds</b>
\$ 43,739	\$ 47,726	\$ 234,863	\$ 37,524	\$ 863,042
201	170	858	456	2,852
<b>43,940</b>	<b>47,896</b>	<b>235,721</b>	<b>37,980</b>	<b>865,894</b>
32,454	24,330	119,436	14,244	559,444
9,625	11,546	119,374	16,534	232,966
402	442	2,082	-	12,434
<b>42,481</b>	<b>36,318</b>	<b>240,892</b>	<b>30,778</b>	<b>804,844</b>
1,459	11,578	(5,171)	7,202	61,050
-	(10,000)	-	-	(10,000)
-	(10,000)	-	-	(10,000)
1,459	1,578	(5,171)	7,202	51,050
32,773	13,073	134,269	-	335,603
<b>\$ 34,232</b>	<b>\$ 14,651</b>	<b>\$ 129,098</b>	<b>\$ 7,202</b>	<b>\$ 386,653</b>

See accompanying notes to financial statements.

# SOUTH INDIAN RIVER WATER CONTROL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Capital Projects Funds  
Year Ended September 30, 2011

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	1988 Drainage Plan	Equipment Renewal and Replacement Funds	Total Nonmajor Capital Projects
<b>Revenues:</b>			
Investment income	427	397	824
<b>Total revenues</b>	<b>427</b>	<b>397</b>	<b>824</b>
Net change in fund balance	427	397	824
Fund balances, beginning of year	446,527	417,787	864,314
<b>Fund balances, end of year</b>	<b>\$ 446,954</b>	<b>\$ 418,184</b>	<b>\$ 865,138</b>

See accompanying notes to financial statements.



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## **REQUIRED REPORTS**

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**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 the financial statements of the governmental 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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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*.

We noted certain matters that we reported to management of the District in a separate letter dated June xx, 2012.

The District's response to the finding identified in our audit is described in the accompanying Management Letter. We did not audit the District's response and, accordingly, we express no opinion on it.

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

*Shan & Associates*

June 19, 2012



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

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

We have audited the accompanying basic financial statements of South Indian River Water Control District, Jupiter, Florida (the "District") as of and for the year ended September 30, 2011, and have issued our report thereon dated June 19, 2012.

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

In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated June 19, 2012. Disclosures in that report should be considered in conjunction with this management letter.

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

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. This letter is intended for the information and use of management, Board of Supervisors of South Indian River Water Control District, Jupiter, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

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*

June 19, 2012

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Observation: Actual expenditures exceeded appropriations in the Water Control Eastside - Special Revenue Fund for the fiscal year ended September 30, 2011.

Recommendation: The District should amend the budget during the fiscal year to ensure that all expenditures are properly budgeted.

Management response: The District will implement procedures to amend its budget for these types of events.

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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 significant 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, 2010.

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

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

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2011, except as noted above.

4. Violations of 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 more than inconsequential.

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, 2011, except as noted above.

5. For matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.
- b. Deficiencies in internal control that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported for the fiscal year ended September 30, 2011, except as noted above.

### **REPORT TO MANAGEMENT (Continued)**

6. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
7. 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, 2011 financial audit report.
8. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.