

**CORAL SPRINGS  
IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS**

September 30, 2011

CORAL SPRINGS IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS  
September 30, 2011

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Keefe, McCullough & Co., LLP  
Certified Public Accountants

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# BASIC FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and schedule of funding progress - other post-employment benefits on page 33 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 operations, 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.

## Coral Springs Improvement District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coral Springs Improvement District's financial statements as a whole. The schedule of operating expenses by department on page 34 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Coral Springs Improvement District. The schedule of operating expenses by department is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
February 7, 2012

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

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

**FINANCIAL HIGHLIGHTS**

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

- The District's total assets exceeded total liabilities by \$ 44,193,846 (net assets). Unrestricted net assets for governmental activities were \$ 5,954,257.
- Governmental activities revenues totaled \$ 2,300,217 while governmental activities expenses totaled \$ 1,134,410. Business-type revenues totaled \$ 12,417,850, including interest income and unrealized gains on investments totaling \$ 77,151. Business-type expenses totaled \$ 8,248,173.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

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

**Notes to the Basic Financial Statements**

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



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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
CURRENT AND OTHER ASSETS	\$ 6,027,412	\$ 4,804,350	\$ 14,995,016	\$ 13,277,184	\$ 21,022,428	\$ 18,081,534
RESTRICTED ASSETS	-	-	12,990,503	20,839,349	12,990,503	20,839,349
CAPITAL ASSETS (NET)	<u>1,722,592</u>	<u>1,849,546</u>	<u>59,458,708</u>	<u>52,885,611</u>	<u>61,181,300</u>	<u>54,735,157</u>
Total assets	<u>7,750,004</u>	<u>6,653,896</u>	<u>87,444,227</u>	<u>87,002,144</u>	<u>95,194,231</u>	<u>93,656,040</u>
OTHER LIABILITIES	22,277	101,026	4,565,358	6,618,118	4,587,635	6,719,144
NONCURRENT LIABILITIES	<u>50,878</u>	<u>41,828</u>	<u>46,361,872</u>	<u>48,036,706</u>	<u>46,412,750</u>	<u>48,078,534</u>
Total liabilities	<u>73,155</u>	<u>142,854</u>	<u>50,927,230</u>	<u>54,654,824</u>	<u>51,000,385</u>	<u>54,797,678</u>
NET ASSETS						
Invested in capital assets, net of related debt	1,722,592	1,849,546	21,631,015	21,753,716	23,353,607	23,603,262
Restricted	-	-	3,853,412	2,749,334	3,853,412	2,749,334
Unrestricted	<u>5,954,257</u>	<u>4,661,496</u>	<u>11,032,570</u>	<u>7,844,270</u>	<u>16,986,827</u>	<u>12,505,766</u>
Total net assets	<u>\$ 7,676,849</u>	<u>\$ 6,511,042</u>	<u>\$ 36,516,997</u>	<u>\$ 32,347,320</u>	<u>\$ 44,193,846</u>	<u>\$ 38,858,362</u>

**Governmental and Business-Type Activities**

Governmental activities increased the District's net assets by \$ 1,423,817, while business-type activities increased the District's net assets by \$ 2,625,386, as reflected in the table below:

**Coral Springs Improvement District  
Statements of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
REVENUES:						
Charges for services	\$ 1,650	\$ 4,100	\$ 12,072,296	\$ 11,230,761	\$ 12,073,946	\$ 11,234,861
Taxes:						
Assessments	2,243,460	2,225,888	-	-	2,243,460	2,225,888
Other	26,956	26,578	-	-	26,956	26,578
Operating grants and contributions	-	-	268,403	139,063	268,403	139,063
Total revenues	<u>2,272,066</u>	<u>2,256,566</u>	<u>12,340,699</u>	<u>11,369,824</u>	<u>14,612,765</u>	<u>13,626,390</u>
EXPENSES:						
General government	210,481	209,423	-	-	210,481	209,423
Physical environment	663,849	455,789	-	-	663,849	455,789
Water and sewer	-	-	5,529,143	5,752,693	5,529,143	5,752,693
Interest expense	-	-	371,744	381,151	371,744	381,151
Loss on disposal	82,600	-	-	-	82,600	-
Provisions for depreciation and amortization	<u>177,480</u>	<u>191,849</u>	<u>2,347,286</u>	<u>2,671,586</u>	<u>2,524,766</u>	<u>2,863,435</u>
Total expenses	<u>1,134,410</u>	<u>857,061</u>	<u>8,248,173</u>	<u>8,805,430</u>	<u>9,382,583</u>	<u>9,662,491</u>
Change in net assets before other income (expense)	<u>1,137,656</u>	<u>1,399,505</u>	<u>4,092,526</u>	<u>2,564,394</u>	<u>5,230,182</u>	<u>3,963,899</u>

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

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
OTHER INCOME (EXPENSE):						
Interest income	26,497	19,510	67,400	32,674	93,897	52,184
Unrealized gain/(loss) on investments	<u>1,654</u>	<u>4,802</u>	<u>9,751</u>	<u>28,318</u>	<u>11,405</u>	<u>33,120</u>
Total other income (expense)	<u>28,151</u>	<u>24,312</u>	<u>77,151</u>	<u>60,992</u>	<u>105,302</u>	<u>85,304</u>
Change in net assets	1,165,807	1,423,817	4,169,677	2,625,386	5,335,484	4,049,203
NET ASSETS, beginning of the year	<u>6,511,042</u>	<u>5,087,225</u>	<u>32,347,320</u>	<u>29,721,934</u>	<u>38,858,362</u>	<u>34,809,159</u>
NET ASSETS, end of the year	<u>\$ 7,676,849</u>	<u>\$ 6,511,042</u>	<u>\$ 36,516,997</u>	<u>\$ 32,347,320</u>	<u>\$ 44,193,846</u>	<u>\$ 38,858,362</u>

**ANALYSIS OF THE GOVERNMENTAL FUNDS**

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

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$ 6,011,310.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District's capital assets less accumulated depreciation for its governmental activities and business-type activities as of September 30, 2011 amounts to \$ 1,722,592 and \$ 59,458,708, respectively, and consists of land, buildings, infrastructure, machinery and equipment, and construction-in-progress.

At the end of the year, the District's business activities had general obligation bond debt outstanding of \$ 47,965,686 net of unamortized bond discount of \$ 782,342 and deferred losses on early retirement of \$ 151,972.

Additional information on the District's debt can be found in Note 7 on pages 27 and 28 of this report.

**General Fund Budgetary Highlights**

An operating budget for the General Fund was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The General Fund budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements.

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

**ECONOMIC FACTORS AND NEXT YEAR'S UTILITY RATES**

The District approved a 5% increase in utility rates for the fiscal year ended September 30, 2012.

**REQUESTS FOR INFORMATION**

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

**CORAL SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF NET ASSETS**  
September 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Current:			
Cash and cash equivalents	\$ 5,799,257	\$ 11,176,020	\$ 16,975,277
Investments	250,000	754,894	1,004,894
Accounts receivable	-	1,378,340	1,378,340
Due from other sources	319	547,774	548,093
Due from other governments	-	19,285	19,285
Accrued interest receivable	5,838	10,792	16,630
Prepaid expenses	2,625	76,382	79,007
Internal balances	(30,627)	30,627	-
Restricted cash and cash equivalents	-	12,990,503	12,990,503
Noncurrent assets:			
Unamortized bond issuance costs	-	1,000,902	1,000,902
Capital assets:			
Depreciable (net)	1,169,392	28,889,374	30,058,766
Nondepreciable	553,200	30,569,334	31,122,534
Total assets	<u>7,750,004</u>	<u>87,444,227</u>	<u>95,194,231</u>
<b>LIABILITIES:</b>			29,965,780
Current liabilities:			
Accounts payable	13,423	178,104	191,527
Accrued expenses	2,679	20,836	23,515
Contracts payable	-	1,322,583	1,322,583
Compensated absences payable	6,175	7,153	13,328
Customer deposits	-	490,714	490,714
Payable from restricted assets:			
Accrued interest payable	-	730,968	730,968
Current portion of bonds payable	-	1,815,000	1,815,000
Noncurrent liabilities:			
Net OPEB Obligation	8,747	66,253	75,000
Compensated absences payable	42,131	144,933	187,064
Bonds payable	-	46,150,686	46,150,686
Total liabilities	<u>73,155</u>	<u>50,927,230</u>	<u>51,000,385</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	1,722,592	21,631,015	23,353,607
Restricted for renewal and replacement	-	3,057,522	3,057,522
Restricted for debt service	-	795,890	795,890
Unrestricted	5,954,257	11,032,570	16,986,827
Total net assets	<u>\$ 7,676,849</u>	<u>\$ 36,516,997</u>	<u>\$ 44,193,846</u>

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

**CORAL SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS:</b>							
Governmental activities:							
General government	\$ 210,481	\$ -	\$ -	\$ -	\$ (210,481)	\$ -	\$ (210,481)
Physical environment	663,849	1,650	-	-	(662,199)	-	(662,199)
Provision for depreciation	177,480	-	-	-	(177,480)	-	(177,480)
Loss on disposal of capital assets	82,600	-	-	-	(82,600)	-	(82,600)
Total governmental activities	<u>1,134,410</u>	<u>1,650</u>	<u>-</u>	<u>-</u>	<u>(1,132,760)</u>	<u>-</u>	<u>(1,132,760)</u>
Business-type activities:							
Personnel services	3,107,138	307,742	-	-	-	(2,799,396)	(2,799,396)
Materials, supplies and services	2,422,005	11,764,554	-	-	-	9,342,549	9,342,549
Provision for depreciation and amortization	2,347,286	-	-	-	-	(2,347,286)	(2,347,286)
Interest expense	371,744	-	-	-	-	(371,744)	(371,744)
Total business-type activities	<u>8,248,173</u>	<u>12,072,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,824,123</u>	<u>3,824,123</u>
Total primary government	<u>\$ 9,382,583</u>	<u>\$ 12,073,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,132,760)</u>	<u>3,824,123</u>	<u>2,691,363</u>
General revenues:							
Taxes:							
Property taxes assessed					2,243,460	-	2,243,460
Interest income					26,497	67,400	93,897
Miscellaneous income					26,956	268,403	295,359
Unrealized gain on investments					1,654	9,751	11,405
Total general revenues					<u>2,298,567</u>	<u>345,554</u>	<u>2,644,121</u>
Change in net assets					1,165,807	4,169,677	5,335,484
Net assets, October 1, 2010					<u>6,511,042</u>	<u>32,347,320</u>	<u>38,858,362</u>
Net assets, September 30, 2011					<u>\$ 7,676,849</u>	<u>\$ 36,516,997</u>	<u>\$ 44,193,846</u>

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

CORAL SPRINGS IMPROVEMENT DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND -  
GENERAL FUND  
September 30, 2011

A S S E T S

ASSETS:

Cash and cash equivalents	\$	5,799,257
Investments		250,000
Accrued interest receivable		5,838
Prepaid expenditures		2,625
Due from other sources		<u>319</u>
Total assets	\$	<u><u>6,058,039</u></u>

L I A B I L I T I E S   A N D   F U N D   B A L A N C E

LIABILITIES:

Accounts payable	\$	13,423
Accrued liabilities		2,679
Due to proprietary fund		<u>30,627</u>
Total liabilities		<u>46,729</u>

FUND BALANCE:

Nonspendable:		
Prepaid expenditures		2,625
Assigned to:		
Capital projects		2,139,732
First quarter operating reserves		450,000
Emergency		2,550,000
Unassigned:		
General Fund		<u>868,953</u>
Total fund balance		<u>6,011,310</u>
Total liabilities and fund balance	\$	<u><u>6,058,039</u></u>

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

CORAL SPRINGS IMPROVEMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND  
TO THE STATEMENT OF NET ASSETS  
September 30, 2011

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

Total fund balance of the governmental fund in the balance sheet, page 10		\$ 6,011,310
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Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported  
in the funds:

The cost of capital assets is	\$ 7,815,104		
Accumulated depreciation is	<u>(6,092,512)</u>		1,722,592

Certain liabilities are not due and payable in the  
current period and, therefore, are not reported  
in the governmental fund:

Net OPEB obligation	(8,747)		
Compensated absences payable	<u>(48,306)</u>		<u>(57,053)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8		\$ <u><u>7,676,849</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

**CORAL SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND -  
GENERAL FUND**

For the Year Ended September 30, 2011

<b>REVENUES:</b>	
Assessments	\$ 2,243,460
Miscellaneous income	26,956
Interest income	26,497
Permit fees	1,650
Unrealized gain on investments	<u>1,654</u>
Total revenues	<u>2,300,217</u>
 <b>EXPENDITURES:</b>	
Current:	
General government:	
Personal services	70,879
Operating	<u>130,522</u>
Total general government	<u>201,401</u>
 Flood control:	
Personal services	314,118
Operating	<u>349,731</u>
Total flood control	<u>663,849</u>
Capital outlay	<u>133,126</u>
Total expenditures	<u>998,376</u>
Net change in fund balance	1,301,841
FUND BALANCE, October 1, 2010	<u>4,709,469</u>
FUND BALANCE, September 30, 2011	<u><u>\$ 6,011,310</u></u>

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



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

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

Net change in fund balance - total governmental fund,  
page 12 \$ 1,301,841

Governmental funds report capital outlays as  
expenditures. However, in the statement of activities,  
the cost of those assets is depreciated over their  
estimated useful lives.

Expenditures for capital assets	\$	133,126	
Loss on disposal of capital assets		(82,600)	
Current year provision for depreciation		<u>(177,480)</u>	(126,954)

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

Net OPEB obligation			(4,489)
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Payment of compensated absences uses current financial resources and is recorded as an expenditure in the governmental fund but reduces the liability in the government-wide statement of net assets			<u>(4,591)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9			\$ <u><u>1,165,807</u></u>
--	--	--	----------------------------

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

**CORAL SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND -**  
**ENTERPRISE FUND**  
September 30, 2011

**ASSETS:**

Cash and cash equivalents	\$	11,176,020
Investments		754,894
Accounts receivable		1,378,340
Due from other sources		547,774
Due from other governments		19,285
Accrued interest receivable		10,792
Prepaid expenses		76,382
Due from general fund		30,627
Restricted cash and cash equivalents		12,990,503
Unamortized bond issuance costs		1,000,902
Capital assets (net)		<u>59,458,708</u>
Total assets	\$	<u><u>87,444,227</u></u>

**LIABILITIES:**

<b>Current liabilities:</b>		
Accounts payable	\$	178,104
Accrued expenses		20,836
Contracts payable		1,322,583
Compensated absences payable		7,153
Customer deposits		490,714
<b>Payable from restricted assets:</b>		
Accrued interest payable		730,968
Current portion of bonds payable		1,815,000
<b>Noncurrent liabilities:</b>		
Compensated absences payable		144,933
Net OPEB obligation		66,253
Bonds payable		<u>46,150,686</u>
Total liabilities		<u><u>50,927,230</u></u>

**NET ASSETS:**

Invested in capital assets, net of related debt		21,631,015
Restricted for renewal and replacement		3,057,522
Restricted for debt service		795,890
Unrestricted		<u>11,032,570</u>
Total net assets		<u><u>36,516,997</u></u>
Total liabilities and net assets	\$	<u><u>87,444,227</u></u>

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

**CORAL SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGE IN NET ASSETS - PROPRIETARY FUND -**  
**ENTERPRISE FUND**  
For the Year Ended September 30, 2011

**OPERATING REVENUES:**

Charges for services:	
Water	\$ 6,081,318
Sewer	5,455,683
Contract personnel fees	307,742
Miscellaneous utility fees	159,800
Technology sharing fees	21,138
Rentals	<u>46,615</u>
Total operating revenues	<u>12,072,296</u>

**OPERATING EXPENSES:**

Personal services	3,107,138
Materials, supplies and services	2,422,005
Provisions for depreciation and amortization	<u>2,347,286</u>

Total operating expenses	<u>7,876,429</u>
--------------------------	------------------

Operating income	<u>4,195,867</u>
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**NONOPERATING REVENUES (EXPENSES):**

Interest income	67,400
Miscellaneous revenue	268,403
Unrealized gain on investments	9,751
Interest expense	<u>(371,744)</u>

Total nonoperating revenues (expenses)	<u>(26,190)</u>
--	-----------------

Change in net assets	4,169,677
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NET ASSETS, October 1, 2010	<u>32,347,320</u>
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NET ASSETS, September 30, 2011	<u><u>\$ 36,516,997</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

**CORAL SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND -**  
**ENTERPRISE FUND**  
For the Year Ended September 30, 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers and users	\$ 11,969,437
Cash paid to employees for services	(3,054,535)
Cash paid to suppliers for goods and services	<u>(4,512,619)</u>
Net cash provided by operating activities	<u>4,402,283</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash received for miscellaneous activities	<u>3,966</u>
Net cash provided by noncapital financing activities	<u>3,966</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Interest paid	(304,928)
Bond principal payments	(1,750,000)
Purchase of capital assets	<u>(8,591,200)</u>
Net cash used in capital and related financing activities	<u>(10,646,128)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	57,631
Unrealized gain on investments	<u>9,751</u>
Net cash provided by investing activities	<u>67,382</u>
Net decrease in cash and cash equivalents	(6,172,497)
<b>CASH AND CASH EQUIVALENTS, October 1, 2010</b>	<u>30,339,020</u>
<b>CASH AND CASH EQUIVALENTS, September 30, 2011</b>	<u><u>\$ 24,166,523</u></u>

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

CORAL SPRINGS IMPROVEMENT DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND -  
ENTERPRISE FUND  
(continued)  
For the Year Ended September 30, 2011

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ <u>4,195,867</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for depreciation	2,282,541
Provision for amortization	64,745
Changes in assets and liabilities:	
Increase in accounts receivable	(106,464)
Decrease in due from other sources	26,675
Decrease in due from other governments	9,840
Increase in prepaid expenses	(7,460)
Increase in due from general fund	(19,050)
Decrease in accounts payable	(250,290)
Decrease in accrued expenses	(203)
Decrease in contracts payable	(1,850,329)
Increase in compensated absences payable	19,295
Increase in customer deposits	3,605
Increase in net OPEB obligation	<u>33,511</u>
Total adjustments	<u>206,416</u>
Net cash provided by operating activities	<u>\$ 4,402,283</u>

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

**CORAL SPRINGS IMPROVEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND**  
**BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
Assessments	\$ 2,030,195	\$ 2,030,195	\$ 2,243,460	\$ 213,265
Miscellaneous income	26,757	26,757	26,956	199
Interest income	-	-	26,497	26,497
Permit fees	3,000	3,000	1,650	(1,350)
Unrealized gain on investments	-	-	1,654	1,654
	<u>2,059,952</u>	<u>2,059,952</u>	<u>2,300,217</u>	<u>240,265</u>
<b>Total revenues</b>				
<b>EXPENDITURES:</b>				
Current:				
General government:				
Personal services	78,719	78,719	70,879	7,840
Operating	190,304	190,304	130,522	59,782
	<u>269,023</u>	<u>269,023</u>	<u>201,401</u>	<u>67,622</u>
<b>Total general government</b>				
Flood control:				
Personal services	318,345	318,345	314,118	4,227
Operating	529,426	529,426	349,731	179,695
	<u>847,771</u>	<u>847,771</u>	<u>663,849</u>	<u>183,922</u>
<b>Total flood control</b>				
Capital outlay:				
General government	290,000	290,000	133,126	156,874
	<u>290,000</u>	<u>290,000</u>	<u>133,126</u>	<u>156,874</u>
<b>Total capital outlay</b>				
<b>Total expenditures</b>	<u>1,406,794</u>	<u>1,406,794</u>	<u>998,376</u>	<u>408,418</u>
Excess (deficiency) of revenues over expenditures	<u>653,158</u>	<u>653,158</u>	<u>1,301,841</u>	<u>648,683</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Appropriation of prior years' fund balance	96,842	96,842	-	(96,842)
Reserved for first quarter operating	(450,000)	(450,000)	-	450,000
Reserved for projects and emergency	(300,000)	(300,000)	-	300,000
	<u>(653,158)</u>	<u>(653,158)</u>	<u>-</u>	<u>653,158</u>
<b>Total other financing sources (uses)</b>				
<b>Net change in fund balance</b>	-	-	1,301,841	1,301,841
<b>FUND BALANCE, October 1, 2010</b>	<u>-</u>	<u>-</u>	<u>4,709,469</u>	<u>4,709,469</u>
<b>FUND BALANCE, September 30, 2011</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,011,310</u>	<u>\$ 6,011,310</u>

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

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

NOTE 1 - ORGANIZATION AND OPERATIONS

The Coral Springs Improvement District (the "District") was incorporated under the provisions of Chapter 70-617, Laws of Florida, for the purpose of constructing and maintaining systems of drainage, flood control and water and sewer utilities within the boundaries of the District. Its utilities currently service approximately 9,500 customers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity:

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

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

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

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

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

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the District:

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Measurement focus, basis of accounting, and presentation:

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

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

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

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

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

Budgets and budgetary accounting:

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

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

Encumbrances:

The District does not utilize encumbrance accounting.

Prepaid expenses/expenditures:

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



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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets:

Capital assets, which include land, buildings, infrastructure, machinery and equipment and construction-in-progress, are reported in the governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District defines capital assets as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of one year. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 5 to 40 years.

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

Accounts receivable:

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

Due to/from other funds:

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

Bond issuance costs:

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

Cash equivalents:

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

Investments:

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

Equity classifications:

*Government-wide statements*

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

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Restricted net assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund statements*

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had \$ 2,625 in nonspendable fund balance as of September 30, 2011

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

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

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District had \$ 5,139,732 in assigned fund balances as of September 30, 2011.

Unassigned: This classification includes the residual fund balance for the General Fund.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property tax calendar (assessments):

Property tax assessments are validated with the Broward County Property Appraiser and collected by the Broward County Tax Collector. The key dates in the property tax cycle are as follows:

Preceding Fiscal Year:

Enforceable lien date	January 1
Tax roll validated	July 1
Taxes levied	July 15

Current Fiscal Year:

Beginning of fiscal year for which Taxes have been levied	October 1
Tax bills rendered	November 1
Tax due date	March 31
Delinquent tax lien	April 30
Tax certificates sold	June 1

Date of management review:

Subsequent events were evaluated through February 7, 2012, which is the date the financial statements were available for issuance.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

The District's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. As of September 30, 2011, all non-interest bearing deposits are fully insured by the FDIC and interest bearing deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits was \$ 8,940,350 and the bank balance was \$ 9,055,469. In addition, the District had \$ 10,500 in petty cash.

Investments:

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

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

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

Investments as of September 30, 2011 were as follows:

	Reported Amount - Fair Value or Amortized Cost	Maturity
Money Market mutual funds	\$ 20,942,021	N/A
Certificates of Deposit	1,004,894	Between 5/4/2012 - 9/25/2012
SBA (State Investment Pool) - Fund B	<u>72,909</u>	Weighted average life 4.82 years
	<u>\$ 22,019,824</u>	

These deposits and investments are reflected in the accompanying statement of net assets as cash and cash equivalents of \$ 29,965,780 and investments of \$ 1,004,894.

Credit risk:

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated AAAM by Standard and Poor's and Aaa by Moody's Investors Service. The State Investment Pool is unrated.

Interest rate risk:

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

Custodial credit risk:

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

Restricted cash and cash equivalents:

The proprietary fund maintains cash and cash equivalents restricted for the following purposes:

Bond proceeds for capital outlay	\$	9,137,091
Future debt service		795,890
Renewal and replacement of capital assets		<u>3,057,522</u>
 Total restricted cash and cash equivalents	 \$	 <u>12,990,503</u>

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

**NOTE 4 - DUE FROM OTHER SOURCES**

The District has an ongoing capital project for the construction of new water and wastewater plants. The District paid the project engineer certain funds at the beginning of the project for design work based on initial projections of total construction costs. When the project was bid, there was a substantial reduction in overall costs which resulted in a proportionate reduction of the design costs for both plants. The resulting reduction in design costs are represented as a receivable from the engineer in the amount of \$ 547,774 and will be realized at the end of construction.

**NOTE 5 - CAPITAL ASSETS**

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

	<u>Balance, October 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, September 30, 2011</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ <u>553,200</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>553,200</u>
Total capital assets, not being depreciated	<u>553,200</u>	<u>-</u>	<u>-</u>	<u>553,200</u>
Capital assets, being depreciated:				
Infrastructure	6,703,687	70,289	140,000	6,633,976
Machinery and equipment	<u>565,091</u>	<u>62,837</u>	<u>-</u>	<u>627,928</u>
Total capital assets, being depreciated	<u>7,268,778</u>	<u>133,126</u>	<u>140,000</u>	<u>7,261,904</u>
Less accumulated depreciation for:				
Infrastructure	5,601,468	65,253	57,400	5,609,321
Machinery and equipment	<u>370,964</u>	<u>112,227</u>	<u>-</u>	<u>483,191</u>
Total accumulated depreciation	<u>5,972,432</u>	<u>177,480</u>	<u>57,400</u>	<u>6,092,512</u>
Total capital assets, being depreciated, net	<u>1,296,346</u>	<u>(44,354)</u>	<u>82,600</u>	<u>1,169,392</u>
Governmental activities capital assets, net	<u>\$ 1,849,546</u>	<u>\$ (44,354)</u>	<u>\$ 82,600</u>	<u>\$ 1,722,592</u>

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

**NOTE 5 - CAPITAL ASSETS (continued)**

	Balance, October 1, 2010	Additions	Deletions	Balance, September 30, 2011
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 21,313,471	\$ 8,499,126	\$ -	\$ 29,812,597
Easement	130,560	264,438	-	394,998
Land	361,739	-	-	361,739
Total capital assets, not being depreciated	21,805,770	8,763,564	-	30,569,334
Capital assets, being depreciated:				
Infrastructure	82,577,122	59,800	-	82,636,922
Buildings	1,530,757	3,373	-	1,534,130
Machinery and equipment	1,648,173	28,901	-	1,677,074
Total capital assets, being depreciated	85,756,052	92,074	-	85,848,126
Less accumulated depreciation for:				
Infrastructure	52,183,980	2,138,816	-	54,322,796
Buildings	1,306,191	19,833	-	1,326,024
Machinery and equipment	1,186,040	123,892	-	1,309,932
Total accumulated depreciation	54,676,211	2,282,541	-	56,958,752
Total capital assets, being depreciated, net	31,079,841	(2,190,467)	-	28,889,374
Business-type activities capital assets, net	\$ 52,885,611	\$ 6,573,097	\$ -	\$ 59,458,708

Provision for depreciation was charged to functions as follows:

Total provision for depreciation - governmental activities	\$ <u>177,480</u>
Total provision for depreciation - business-type activities	\$ <u>2,282,541</u>

**NOTE 6 - COMMITMENTS**

The District has awarded various construction contracts in the proprietary fund. As of September 30, 2011, commitments on uncompleted construction contracts totaled \$ 686,944.

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

**NOTE 7 - DEBT**

a. Summary of debt of business-type activities:

Debt at September 30, 2011 included the following:

\$ 43,255,000 Subordinate Water and Sewer Revenue Bonds, Series 2007; due in annual installments beginning June 2015 through June 2037; interest payable semi-annually at rates ranging from 3.75% to 4.75% (net of unamortized bond discount of \$ 782,342). \$ 42,472,658

\$ 9,120,000 General Obligation Water and Sewer Revenue Refunding Bonds, Series 2002; due in annual installments through June 2014; interest payable semi-annually at rates ranging from 1.45% to 4%. 5,645,000

Deferred loss on early retirement of Series 2002 Bonds in the amount of \$ 607,890. The loss is reported as a deduction from bonds payable, net of \$ 455,918 in accumulated amortization. Amortization will be provided through 2014 using the straight-line method. (151,972)

\$ 47,965,686

The following is a summary of the changes that occurred in the Water and Sewer Fund debt during the year ended September 30, 2011:

	<u>Balance, October 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Provision for Amortization</u>	<u>Balance, September 30, 2011</u>	<u>Due Within One Year</u>
Subordinate Water and Sewer Bonds, Series 2007	\$ 42,442,134	\$ -	\$ -	\$ 30,523	\$ 42,472,658	\$ -
General Obligation Water and Sewer Bonds Revenue Refunding Series 2002	7,395,000	-	1,750,000	-	5,645,000	1,815,000
Deferred loss on early retirement of Series 2002 bonds	<u>(208,962)</u>	<u>-</u>	<u>-</u>	<u>56,990</u>	<u>(151,972)</u>	<u>-</u>
	<u>\$ 49,628,172</u>	<u>\$ -</u>	<u>\$ 1,750,000</u>	<u>\$ 87,513</u>	<u>\$ 47,965,686</u>	<u>\$ 1,815,000</u>

b. Summary of significant bond terms of business-type activities:

**\$ 43,255,000 Subordinate Water and Sewer Revenue Bonds, Series 2007** - The District previously issued \$ 43,255,000 of Series 2007 Subordinate Water and Sewer Revenue Bonds. The bonds bear interest at rates ranging from 3.75% to 4.75% and mature in June 2037. Interest is payable on the first day of June and December.

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

NOTE 7 – DEBT (continued)

The Bonds are payable from the net revenues of the water and sewer system of the District. The District covenants to maintain utility rates which will be sufficient to pay its operating expenses and 110% of the annual required principal and interest on the Bonds. In lieu of funding the Series 2007 Reserve Fund with cash and/or securities, the District purchased a debt service reserve surety bond which guarantees the payment of any installment of principal and/or interest as such payments become due on the 2007 Bonds. The Series 2007 Bonds maturing after June 1, 2017 are subject to redemption prior to maturity at the option of the District. The Series 2007 Bonds maturing on June 1, 2022 through 2037 are subject to mandatory sinking fund redemption in part by lot prior to their scheduled maturity as outlined in the Bond Indenture. In addition, the Bonds established a Renewal and Replacement Fund as discussed in Note 8.

**\$ 9,120,000 General Obligation Water and Sewer Revenue Refunding Bonds, Series 2002** - The District previously issued \$ 9,120,000 of Series 2002 General Obligation Water and Sewer Revenue Refunding Bonds which redeemed the remaining balance of the Series 1978 Bonds and the portion of the Series 1992 Bonds that was scheduled to mature in June 2014. As a result of the refunding, the District incurred a loss of \$ 607,890, which is being amortized over the term of the new bonds. The Bonds bear interest at rates ranging from 1.45% to 4%. Interest is payable each year on June 1 and December 1 until their maturity in June 2014, or their redemption.

The Bonds are payable from the net revenues of the water and sewer system of the District, and are additionally secured by a pledge of ad valorem taxes levied by the District, to the extent the net revenues are insufficient to make the payments. In connection with these Bonds, the District must continue to maintain fees and rates in order to meet debt service requirements in the amount of 110% of annual debt service. As part of the refunding, in lieu of establishing a reserve fund, the District purchased a debt service reserve surety bond which guarantees the payment of any annual installment amount due. In addition, the Bonds established a Renewal and Replacement Account as discussed in Note 8.

c. Summary of future debt service requirements:

The annual debt service requirements are as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1,815,000	2,192,904	4,007,904
2013	1,880,000	2,126,656	4,006,656
2014	1,950,000	2,056,156	4,006,156
2015	1,125,000	1,978,156	3,103,156
2016	1,170,000	1,935,969	3,105,969
2017-2021	6,620,000	8,909,538	15,529,538
2022-2026	8,200,000	7,322,625	15,522,625
2027-2031	10,255,000	5,273,763	15,528,763
2032-2036	12,920,000	2,602,290	15,522,290
2037	2,965,000	140,838	3,105,838
	<u>\$ 48,900,000</u>	<u>\$ 34,538,895</u>	<u>\$ 83,438,895</u>



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

**NOTE 8 - RESTRICTED NET ASSETS**

Proprietary Fund:

Pursuant to the 2002 Series and 2007 Series Bond Indentures, reserve funds are required to meet the maximum principal and interest requirement for any succeeding year. The District satisfied this requirement by purchasing debt service reserve surety bonds that guarantee an amount equal to the maximum debt service of any succeeding year.

The 2002 Series and 2007 Series Bonds established a Renewal and Replacement Account to be used for the purpose of paying the costs of nonrecurring maintenance expenditures, extensions, improvements or additions to, or the replacement of the water and sewer system. Monthly deposits are required to be made from revenues available after required debt service coverage until such balance reaches \$ 1,000,000. Current year renewal and replacement deposits were \$ 553,336 and interest earnings were \$ 4,515. The balance in the Renewal and Replacement Account at September 30, 2011 was \$ 3,057,522 which is reflected as restricted net assets in the accompanying statement of net assets for the proprietary fund.

**NOTE 9 - COMPENSATED ABSENCES PAYABLE**

Employees of the District accumulate unused sick time and vacation time up to a specified number of hours depending on the employee's length of employment. Accumulated vacation time can be redeemed in cash at retirement. Accumulated sick time is not generally payable in cash except for the sick time of three employees from each fund which were grandfathered in when the District changed its policy regarding payment for accumulated sick time. The accumulated liability for the unused compensated absences at September 30, 2011 of the General Fund is considered to be payable from future resources and, accordingly, is only recorded in the governmental activities column of the statement of net assets.

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

	<u>Balance, October 1, 2010</u>	<u>Increase</u>	<u>Balance, September 30, 2011</u>
Vacation time	\$ 23,236	\$ 4,220	\$ 27,456
Sick time	<u>20,479</u>	<u>371</u>	<u>20,850</u>
Total	<u>\$ 43,715</u>	<u>\$ 4,591</u>	<u>\$ 48,306</u>

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

	<u>Balance, October 1, 2010</u>	<u>Increase</u>	<u>Balance, September 30, 2011</u>
Vacation time	\$ 132,791	\$ 19,295	\$ 152,086
Total	<u>\$ 132,791</u>	<u>\$ 19,295</u>	<u>\$ 152,086</u>

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

**NOTE 10 - RETIREMENT PLAN**

The District has a defined contribution pension plan qualified under Sections 401(a), 403(a), and 501(a) of the Internal Revenue Code. The Plan is administered by independent trustees. All employees who meet the one year of service requirement are qualified to participate. Employees are prohibited from making voluntary contributions to the Plan. The District's required contribution is 6% of the total salaries of qualified participants. Total salaries for the year were \$ 2,513,253. Total salaries of qualified participants were \$ 2,273,699. Each participant's non-forfeitable percentage of his employer's contribution account increases (vests) at 20% for each year of service. Employer contributions for the year, less forfeitures from terminated employees, totaled \$ 136,422 and are included in personnel services of the General and Water and Sewer Funds.

**NOTE 11 - POST-EMPLOYMENT BENEFITS**

***Funding Policy***

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

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

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

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

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	\$ -
Annual required contribution	53,000
Interest on net OPEB obligation	1,000
Adjustment to annual required contribution	(3,000)
Annual OPEB cost	<u>51,000</u>
Contributions made (credit for implied subsidy)	<u>(13,000)</u>
Increase in net OPEB obligation	38,000
Net OPEB obligation - beginning of year	37,000
Net OPEB obligation - end of year	<u><u>\$ 75,000</u></u>

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

**NOTE 11 – POST-EMPLOYMENT BENEFITS (continued)**

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

Annual OPEB cost	\$	51,000
Percentage of OPEB cost contributed		25%
Net OPEB obligation	\$	<u><u>75,000</u></u>

***Funded Status and Funding Progress***

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

Actuarial accrued liability	\$	253,000
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u><u>253,000</u></u>
Funded ratio		-
Covered payroll	\$	<u><u>2,222,000</u></u>
UAAL as a percentage of covered payroll		11.4%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the District has not contributed assets to the plan at this time.

***Actuarial Methods and Assumptions***

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2010
Actuarial cost method	Projected union credit
Amortization method	15-year open period; level dollar payment
Actuarial assumptions:	
Investment rate of return	4.00% per annum *
Healthcare cost trend rates	10.00% for 2010/2011 graded
Select rate	to 6.00% for 2018/2019
Ultimate rate	5.00% per annum

\* Includes inflation at 2.75% per annum

CORAL SPRINGS IMPROVEMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District carries commercial insurance to handle these various risks of losses.

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

**REQUIRED  
SUPPLEMENTAL INFORMATION**

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)*	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ -	\$ 253,000	\$ 253,000	0%	\$ 2,222,000	11.4%

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

**OTHER  
FINANCIAL INFORMATION**

CORAL SPRINGS IMPROVEMENT DISTRICT  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT -  
 PROPRIETARY FUND -  
 ENTERPRISE FUND  
 For the Year Ended September 30, 2011

<b>ADMINISTRATIVE OPERATIONS:</b>	
Personal services	\$ 783,431
Materials, supplies and services	377,332
Provisions for depreciation and amortization	<u>422,511</u>
Total plant operations	<u>1,583,274</u>
 <b>PLANT OPERATIONS:</b>	
Personal services	1,549,175
Materials, supplies and services	1,711,781
Provisions for depreciation and amortization	<u>1,455,318</u>
Total field operations	<u>4,716,274</u>
 <b>FIELD OPERATIONS:</b>	
Personal services	774,532
Materials, supplies and services	332,892
Provisions for depreciation and amortization	<u>469,457</u>
Total administrative operations	<u>1,576,881</u>
Total operating expenses	<u><u>\$ 7,876,429</u></u>



**OTHER REPORTS OF  
INDEPENDENT AUDITORS**



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

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

We have audited the accompanying financial statements of the governmental activities and the business-type activities, which represent the major funds of Coral Springs Improvement District (the "District") as of and for the year ended September 30, 2011, which collectively comprises the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 7, 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 an opinion 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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial 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 would not necessarily identify all deficiencies in internal control 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, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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*.

Coral Springs Improvement District

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
February 7, 2012



## INDEPENDENT AUDITORS' REPORT TO DISTRICT MANAGEMENT

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

We have audited the basic financial statements of Coral Springs Improvement District (the "District"), as of and for the year ended September 30, 2011, and have issued our report thereon dated February 7, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which are dated February 7, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter is required to include the following information.

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

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

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

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts 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. In connection with our audit, we did not have any such findings.

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

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the basic financial statements. Coral Springs Improvement District was established under the laws of the State of Florida in Chapter 70-617, as amended. The District does not have any component units.

## Coral Springs Improvement District

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

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.

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

Pursuant to Section 215.985(12), Florida Statutes, and Section 10.554(1)(i)9, the District provided monthly statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site. In connection with our audit, we determined that Coral Springs Improvement District complied with the Florida Statutes.

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
February 7, 2012