

**SEMINOLE IMPROVEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**SEMINOLE IMPROVEMENT DISTRICT  
FISAL YEAR ENDED SEPTEMBER 30, 2013**

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**FINANCIAL SECTION**

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# Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Seminole Improvement District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund the Seminole Improvement District (the District) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of the Seminole Improvement District, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 28-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Bruce, Swamy, Metz, P.A., CPAs*

Hollywood, Florida

May 1, 2014

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Seminole Improvement District (the District) would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year ended September 30, 2012. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's government-wide total assets exceeded its liabilities at the close of the most recent fiscal year by \$12,713,705; of this amount \$4,597,357 (unrestricted net assets) may be used to meet the District's ongoing obligations to landowners and creditors.
- The District's total net assets increased by \$2,191,441.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,976,040 a decrease of \$4,035
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,264,386 or 1,198% of total general fund expenditures.
- The District's total debt decreased by \$3,243,796 during the fiscal year.
- Cash and investments of \$5,039,222 are 665% of the annual physical environment expenses of \$758,223

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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. A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to its overall financial well-being. 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. The government-wide statements are prepared using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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, increases or decreases 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 and the underlying land value on which the District levies are assessed, to assess the overall health of the District.

The Statement of Activities presents information showing how the District'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 result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 11-12 of this report.

### **Fund Financial Statements**

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. 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.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general fund and the debt service fund, both of which are considered major funds.

The District adopts an annual appropriated budget for the general fund. To demonstrate compliance with the adopted budget, a budgetary comparison schedule has been provided.

The governmental fund financial statements can be found on pages 13-16 of this report.

## 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 17 of this report.

## Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which consists of the budgetary comparison schedule for the District's general fund.

Required supplementary information can be found on page 28 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, as of September 30, 2013 assets exceeded liabilities by \$12,713,705.

	<u>2013</u>	<u>2012</u>	<u>Percent Change</u>
Current and other assets	\$ 5,122,432	\$ 6,010,864	-14.8%
Capital assets, net	<u>10,084,694</u>	<u>10,411,519</u>	-3.2%
Total assets	<u>15,207,126</u>	<u>16,422,383</u>	-8.0%
Current liabilities	363,421	315,119	13.3%
Long-term liabilities	<u>2,130,000</u>	<u>5,585,000</u>	-162.2%
Total liabilities	<u>2,493,421</u>	<u>5,900,119</u>	136.6%
Net assets:			
Invested in capital assets, net of related debt	7,764,694	4,826,519	37.8%
Restricted for debt service	351,654	351,654	0.0%
Unrestricted	<u>4,597,357</u>	<u>5,344,091</u>	-16.2%
Total net assets	<u>\$ 12,713,705</u>	<u>\$ 10,522,264</u>	17.2%

Normally the largest portion of the District's net assets reflects its investment in capital assets (land, land improvements, water and sewer treatment plant, construction in progress, culverts, wells, pump stations, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to landowners; therefore, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it

should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. However due to the District's need to fund the repayment of liabilities in the ensuing year, (as more fully described below), Cash and Investments of \$5,122,432 are now the largest component of net assets.

Unrestricted net assets of \$4,597,357 may be used to meet the District's ongoing obligations to citizens and creditors. At the end of both fiscal years in this report, the District is able to report positive balances in all categories of net assets for the governmental activities.

Finally a small portion of the District's net assets, (3%), represents resources that are subject to external restrictions on how they may be used.

The following table reflects the District's changes in net assets for the years ended September 30, 2013 and September 30, 2012.

	<u>2013</u>	<u>2012</u>	<u>Percent Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 2,325,213	\$ 6,403,814	-63.7%
General revenues:			
Investment earnings	9,639	250,943	-96.2%
Miscellaneous	<u>1,482,922</u>	<u>238</u>	<u>622976.5%</u>
Total revenues	<u>3,817,774</u>	<u>6,654,995</u>	<u>-42.6%</u>
Expenses:			
General and administrative	309,703	785,112	-60.6%
Physical environment	1,128,050	750,883	50.2%
Interest on long-term debt	<u>188,580</u>	<u>339,801</u>	<u>-44.5%</u>
Total expenses	<u>1,626,333</u>	<u>1,875,796</u>	<u>15.3%</u>
Increase/(Decrease) in net assets	2,191,441	4,779,199	-54.1%
Net assets, beginning of year	<u>10,522,264</u>	<u>5,743,065</u>	<u>83.2%</u>
Net assets, end of year	<u>\$ 12,713,705</u>	<u>\$ 10,522,264</u>	<u>20.8%</u>

The decrease in revenues in the above table is due to a special assessment in the year ended September 20, 2012 that was done by the District to fund certain debt payments coming due in fiscal 2012-13.

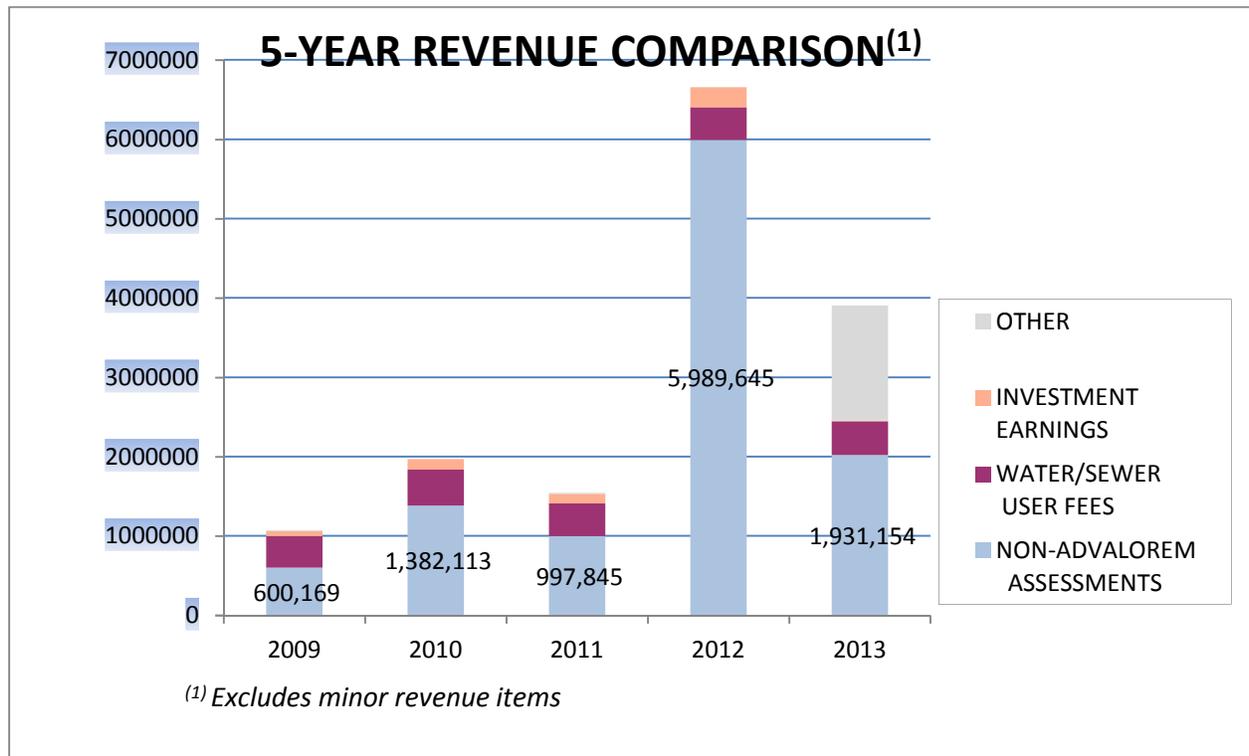
Utility fees of approximately \$400,000 have remained steady over the past several years.

The large increase in miscellaneous revenues in the year ended September 30, 2013 is due to collection of a bad debt of \$1,400,000 that was previously written off.

The following table and graph illustrate the changes in the composition of revenue for the current year compared with past years.

Seminole Improvement District's 5 Year Revenue Comparison <sup>(1)</sup>										
	2009		2010		2011		2012		2013	
	\$	%	\$	%	\$	%	\$	%	\$	%
NON-ADVALOREM ASSESSMENTS	600,169	56%	1,382,113	70%	997,845	65%	5,989,645	90%	1,931,154	51%
WATER/SEWER USER FEES	398,638	37%	454,905	23%	410,851	27%	414,169	6%	426,062	11%
INVESTMENT EARNINGS	63,129	6%	130,427	7%	120,669	8%	250,943	4%	9,639	0.2%
OTHER	12,202	1%	-	0%	12,299	0%	238	0%	1,450,919	37%
<b>TOTAL</b>	<u>1,074,138</u>	<u>100%</u>	<u>1,967,445</u>	<u>100%</u>	<u>1,541,664</u>	<u>100%</u>	<u>6,654,995</u>	<u>100%</u>	<u>3,817,774</u>	<u>100%</u>

<sup>(1)</sup>All percentages represent the proportion of total revenue.



## **Financial Analysis of the District's 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 funds* 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the main operating fund of the District. At the end of the current fiscal year, all of the general fund balance of \$4,624,386 was unassigned while the debt fund balance of \$351,654 is restricted for debt payments. Fund balance represents 577% of total general fund physical environment expenditures.

### **General Fund Budgetary Highlights**

During the year, total revenues were more than budgetary estimates by \$2,258,154. This was primarily due to the collection of prior year's delinquent tax assessments of \$656,880 and collection of a receivable in the amount of \$1,400,000 that was written off in a prior year.

General and administrative expenses were less than budgetary estimates by \$269,049 largely due to less than expected legal and other professional fees.

Physical environment expenditures were more than the final budget by \$39,160 largely due to higher than expected repair and maintenance costs.

There were no capital purchases during the year.

### **Water Utility Operations Fund Budgetary Highlights**

During the year, total revenues were more than budgetary estimates by \$58,255. This was largely due to the receipt connection fees and sales tax refunds of \$44,283 which were not budgeted for.

General and administrative expenses were less than budgetary estimates by \$60,756 largely due to less than expected legal and other professional fees.

Physical environment expenditures were more than the final budget by \$11,511 due to a number of factors including higher than expected water analysis costs and operating fees paid to Palm Beach County.

Capital purchases of machinery and equipment totaled \$43,000 for the year ended September 30, 2013. Additionally, \$165,032 of fully depreciated equipment was deleted.

### **Water Utility Expansion Fund Budgetary Highlights**

During the year, total revenues were less than budgetary estimates by \$19,255.

General and administrative expenses were less than budgetary estimates by \$59,256 largely due to less than expected legal and other professional fees.

Principal payments on debt service were more than budgetary estimates by \$3,063,796 due to the decision by the Board of Supervisors to repay the line of credit to the bank during the year ended September 30, 2013.

**Capital Assets**

As of September 30, 2013, the District’s net investment in capital assets totaled \$10,084,694. The following table summarizes the District’s capital assets, net of accumulated depreciation, for the year ended September 30, 2013:

<u>Asset</u>	<u>Net Value</u>
Land	\$ 2,498,695
Water, sewer & reclaimed water system	7,268,677
Irrigation equipment	5,049
Culverts	243,270
Equipment	<u>69,003</u>
Total capital assets	<u>\$ 10,084,694</u>

Additional information on the District’s capital assets can be found in Note 1 and Note 5 on pages 19 and 24, respectively, of this report.

**Long-Term Debt Activity**

During the year ended September 30, 2013, the District’s outstanding debt decreased \$3,243,796 from \$5,563,796 to \$2,320,000 at September 30, 2012 and 2013, respectively. The Decrease consists of scheduled principal payments made on the District’s outstanding bonds of \$180,000 and repayment of the line of credit of \$3,063,796. The amount due within one year is \$190,000

Additional information on the District’s long-term debt can be found in Note 6 on pages 25-26 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET RATES**

The District has been paying down its debt and building facilities from its cash reserves for many years. The utility operations currently run deficits due to insufficient volumes and increased regulatory efforts put into place at the time of the Acreage Cancer Cluster investigation. This situation is unlikely to change until development which brings new customers occurs within the District As the District has paid down a significant portion of its debt in the past year, assessments are expected to lessen materially.

**Non Advalorem Assessments**

The following non advalorem rates were approved for next fiscal year:

	<u>Total</u> <u>taxable acres</u>	<u>Unit 1</u>	<u>Unit 2</u>	<u>Unit 3</u>
Acres	3,962	3,902	3,846	3,895
NAV Rate	\$453	\$217	\$197	\$39

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide interested parties with an overview of the District's financial operations and financial condition. Questions regarding the information included in this report or requests for additional financial information should be directed to:

District Manager  
Seminole Improvement District  
210 N. University Drive, Suite 702  
Coral Springs, Florida 33071  
954-753-5841

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**BASIC FINANCIAL STATEMENTS**

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# Seminole Improvement District

## Statement of Net Assets

September 30, 2013

### ASSETS

Cash and cash equivalents	\$ 1,897,976
Investments	3,141,046
Receivables	70,685
Other receivables	11,592
Deposits	1,133
Capital assets not being depreciated	2,498,695
Capital assets being depreciated-net	<u>7,585,999</u>
Total assets	<u>15,207,126</u>

### LIABILITIES

Accounts payable	145,892
Accrued interest payable	27,029
Deposits	500
Noncurrent liabilities	
Due within one year	190,000
Due in more than one year	<u>2,130,000</u>
Total liabilities	<u>2,493,421</u>

### NET ASSETS

Invested in capital assets, net of related debt	7,764,694
Restricted for debt service	351,654
Unrestricted	<u>4,597,357</u>
Total net assets	<u>\$ 12,713,705</u>

# Seminole Improvement District

## Statement of Activities

Fiscal Year Ended September 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net (Expenses)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental activities			
Physical environment	\$ 1,128,050	\$ 2,325,213	\$ 1,197,163
General and administrative	309,703	-	(309,703)
Interest on long-term debt	188,580	-	(188,580)
	<u>\$ 1,626,333</u>	<u>\$ 2,325,213</u>	<u>698,880</u>
General revenues			
Investment earnings			9,639
Miscellaneous			1,482,922
Total general revenues			<u>1,492,561</u>
Change in net assets			2,191,441
Net assets, beginning			<u>10,522,264</u>
Net assets, ending			<u>\$ 12,713,705</u>

See notes to basic financial statements.

# Seminole Improvement District

## Balance Sheet

### Governmental Funds

September 30, 2013

	General	Debt	Total
	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,897,976	-	\$ 1,897,976
Investments	2,789,392	351,654	3,141,046
Account receivable	70,685	-	70,685
Other receivables	11,592	-	11,592
Deposits	1,133	-	1,133
Total assets	<u>\$ 4,770,778</u>	<u>\$ 351,654</u>	<u>\$ 5,122,432</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 145,892	\$ -	\$ 145,892
Deposits	500	-	500
Total liabilities	<u>146,392</u>	<u>-</u>	<u>146,392</u>
Fund balances:			
Restricted fund balance	-	351,654	351,654
Unassigned fund balance	4,624,386	-	4,624,386
Total fund balances	<u>4,624,386</u>	<u>351,654</u>	<u>4,976,040</u>
Total liabilities and fund balances	<u>\$ 4,770,778</u>	<u>\$ 351,654</u>	<u>\$ 5,122,432</u>

# Seminole Improvement District

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

September 30, 2013

Fund balances- total governmental funds	\$ 4,976,040
Amounts reported for governmental activities 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 the governmental funds.	10,084,694
Long-term liabilities, are not due and payable in the current period, and therefore are not reported in the funds statements.	
Bonds payable	(2,320,000)
Accrued interest payable	<u>(27,029)</u>
Net assets of governmental activities	<u>\$ 12,713,705</u>

**Seminole Improvement District**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**

Fiscal Year Ended September 30, 2013

	General Fund	Water Utility Operations Fund	Water Utility Expansion Fund	Debt Service Fund	Total Governmental Fund
<b>Revenues:</b>					
Non-advalorem assessments	\$ 1,623,209	\$ 885,617	\$ 147,903	\$ -	\$ 2,656,729
User fees: water system					
Capacity charges	-	317,322	-	-	317,322
Other	-	76,737	-	-	76,737
Interest	4,242	-	-	-	4,242
Unrealized gain(loss) on inevestments	5,397	-	-	-	5,397
Miscellaneous	1,438,639	44,283	-	-	1,482,922
Total revenues	<u>3,071,487</u>	<u>1,323,959</u>	<u>147,903</u>	<u>-</u>	<u>4,543,349</u>
<b>Expenditures:</b>					
General and administrative	193,879	76,101	37,223	-	307,203
Physical environment	192,160	566,063	-	-	758,223
Capital outlay	-	43,000	-	-	43,000
Debt service					
Principal	-	-	3,063,796	180,000	3,243,796
Interest	-	-	17,912	174,750	192,662
Other	-	-	-	2,500	2,500
Total expenditures	<u>386,039</u>	<u>685,164</u>	<u>3,118,931</u>	<u>357,250</u>	<u>4,547,384</u>
Excess (Deficiency) of revenue over (under) expenditures	<u>2,685,448</u>	<u>638,795</u>	<u>(2,971,028)</u>	<u>(357,250)</u>	<u>(4,035)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	2,971,028	357,250	3,328,278
Transfers out	(2,689,483)	(638,795)	-	-	(3,328,278)
Write-down of note receivable	-	-	-	-	-
Total other financing sources (uses)	<u>(2,689,483)</u>	<u>(638,795)</u>	<u>2,971,028</u>	<u>357,250</u>	<u>-</u>
Net change in fund balances	(4,035)	-	-	-	(4,035)
Fund balances, beginning	4,628,421	-	-	351,654	4,980,075
Fund balances, ending	<u>\$ 4,624,386</u>	<u>-</u>	<u>-</u>	<u>351,654</u>	<u>\$ 4,976,040</u>

See notes to basic financial statements.

**Seminole Improvement District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**

Fiscal Year Ended September 30, 2013

Net change in fund balances - total governmental funds \$ (4,035)

Amounts reported for governmental activities in the statement of activities are different because:

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

Current year expenditures for capital assets	43,000	
Less current year depreciation		(369,827)

Delinquent tax assessment revenues recognized on Statement of Activities in prior year. Tax revenues were collected after one operating cycle, defined as 90 days and therefore, were not eligible to be recognized in the Governmental Fund Statements in 2012.	(725,575)
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Principal paid on bonds during the current year	\$ 180,000	
Principal paid on notes during the current year	<u>3,063,796</u>	3,243,796

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	<u>4,082</u>
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Change in net assets	<u><u>\$ 2,191,441</u></u>
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# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Reporting Entity*

Seminole Water Control District (the “District”) was formed pursuant to Chapter 70-854, Florida Statutes, in 1970 and codified pursuant to Chapter 2000-431, Laws of Florida, at which time its name was changed to Seminole Improvement District. Chapter 2000-431 empowers the District to provide public infrastructure for water control and management, potable water, sewer, transportation and parking, recreation, culture, education, mosquito and arthropod control, wildlife conservation, public safety, fire control, and public relations among other powers. Chapter 2000-431 further authorizes the District to plan, establish, maintain, and finance public infrastructure by acquisition and disposal of real and personal property within and without the District, by levy of advalorem and non-advalorem assessments; by direct assessment and collection of rates, fees, rentals, fares, and other charges; and by contracting with other local governments, persons, firms and corporations. The District currently provides drainage, irrigation, potable water, sewer, and road maintenance services to landowners.

The District is governed by an elected board of three supervisors (the “Board”). The Board is responsible for legislative and fiscal control of the District.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

#### *A. Financial Reporting Entity*

The financial standards were prepared in accordance with Government Accounting Standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the District, organizations for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The District is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based upon the application of these criteria, there were no organizations that met the criteria described above.

#### *B. Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information all of the non-fiduciary activities of the District.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

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

#### ***B. Government-wide and Fund Financial Statements (Continued)***

The statement of activities demonstrates the extent to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

#### ***C. Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial 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 related cash flows. Non-advalorem assessments are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Non-ad valorem assessments and interest on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those that are legally restricted to expenditures for debt service.

The Water Utility Operations Fund is the District's enterprise fund used to account for operation of the water utility.

The Water Utility Expansion Fund is used to accumulate resources to fund future expansions of the District's water utility operations.

The Debt Service Fund is used to account for the debt related expenditures of the District.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

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

When both restricted and unrestricted resources are available for use, it is District’s policy to first use restricted resources then unrestricted resources as they are needed.

#### *D. Assets, Liabilities and Net Assets or Equity*

##### *1. Deposits and Investments*

The District’s cash and cash equivalent are considered to be cash on hand, time and demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

Long-term investments are reported at fair value as required by GASB Statement No. 31: “Accounting and Financial Reporting for Certain Investments and External Investment Pools”.

##### *2. Capital Assets and Depreciation*

Capital assets are defined by the District as assets with an estimated useful life in excess of one year. These assets, include property, plant and equipment, and infrastructure assets (e.g. culverts, wells and pump stations), are recorded at their acquisition cost and are reported in the government-wide financial statements. Costs incurred for repairs and maintenance are expensed. Contributed assets are recorded at their fair market value as of the date received.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable capital assets are as follows:

Water and sewer treatment plant	39 years
Culverts	39 years
Irrigation equipment	5-15 years
Equipment	5-40 years
Land improvements	15-31 years

##### *3. Non-Advalorem Assessments*

The collection of non-ad valorem assessments is consolidated in the office of the County Tax Collector. Assessments are levied on November 1st of each year, or as soon thereafter as the tax roll is certified by the County Property Appraiser and delivered to the Tax Collector.

Discounts are allowed for early payment at a maximum rate of 4%. All unpaid assessments levied become delinquent assessments. There are no delinquent assessments. Non-ad valorem assessment revenues are recognized when they become available.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

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

#### ***4. Long-Term Debt***

Bonds and notes payable are reported as liabilities in the government-wide statement of net assets. These liabilities are not reported in the fund financial statements.

#### ***5. Net Assets***

Equity in the government-wide statement on net assets is displayed in three categories: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Net assets invested in capital assets, net of related debt have been reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Capital-related debt has been reduced by assessments receivable. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

#### ***6. 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.

#### ***7. Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS

#### *Deposits*

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit eligible collateral with the Treasurer or another qualified banking institution. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

#### *Investments*

The District is authorized to invest in those instruments authorized by the Florida Statutes. Investments consist of direct obligations of the U.S. Treasury and the Local Government Surplus Funds Trust Fund Investment Pool (the "LGIP" or the "Pool"). The LGIP is governed by Ch. 19-7 of the Florida Administrative Code and administered by the Florida State Board of Administration (the "SBA").

On November 29, 2007, the SBA implemented a temporary freeze on the assets held in the LGIP due to an unprecedented amount of withdrawals coupled with the absence of market liquidity for certain securities within the LGIP. The significant amount of withdrawals followed reports that the LGIP held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restructured the LGIP into two separate funds.

On December 9, 2008 the LGIP was split into a Fund A and Fund B. Fund A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Fund B consisted of assets that defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Fund A and Fund B; Fund A was subsequently renamed Florida PRIME.

#### *Florida PRIME*

Florida PRIME is not a registrant with Securities and Exchange Commission however; the board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

Additional information regarding this fund may be obtained from the State Board of Administration.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### **FUND B**

Fund B participants are prohibited from withdrawing any amount from the Fund. However when investments are realized, the proceeds together with any earnings, are transferred to Florida PRIME and are available for distribution.

Through the November 2011, investors cumulatively received distributions from Fund B 84.4% of their original balances.

The securities remaining in Fund B are legacy items (in addition to overnight instruments temporarily holding fund earnings) from the four issuers whose financial circumstances gave rise to the November 2007 run. As of October 31, 2011, the participant balances totaled \$319.2 million. The Net Asset Value was \$241.5 million or 75.7% of participants balances.

Due to the lack of an actively traded market for Fund B securities, their “market value” is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources

Additional information regarding this fund may be obtained from the State Board of Administration.

At September 30, 2013, the District had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Cost</u>	<u>Fair Value</u>
US Treasury Securities	Less than one year	\$ 351,654	\$ 351,654
Florida Prime	39 days	2,764,349	2,764,349
Fund B	Indeterminate	22,111	25,043

#### **Interest Rate Risk**

The District’s cash management policy is to manage in a manner to provide cash funds available for the current expenses, as well as, the short-term cash needs and cash flow requirements of the District. A market rate of return shall be sought on the accounts at the Qualified Public Depository wherein funds for expenses are held.

#### **Credit Risk**

The District’s investment policy does not address the requirement of ratings by a nationally recognized statistical rating organization (“NRSRO”), i.e. Standard and Poor’s and Moody’s Investment Services. The Florida PRIME is rated AAA by Standard and Poor’s. Fund B is not rated by any NMSRO. The investment policies of Florida Prime and Fund B can be found at <https://www.sbafla.com/prime>. The District’s investments in U.S. Treasury Securities are rated AA+ by Standard and Poor’s.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer, except investment pools and other pooled investments which are exempt from this disclosure.

### NOTE 3. RECEIVABLES

Receivables and related allowance for doubtful accounts as of September 30, 2013 are as follows:

Trade	\$ 47,210
Sales tax refund	<u>23,475</u>
Total receivables	<u>\$ 70,685</u>

#### *Trade Receivables*

Accounts receivable primarily consist of amounts due from customers of the Water Plant, and of refunds and net reimbursements due to the District. Management believes that all accounts receivable are fully collectible.

#### *Sales Tax Refund*

The sales tax refund is an amount due from Florida Power and Light for sales tax charged to the District in error. The District is a tax exempt entity and should not be charged sales tax.

### NOTE 4. INTERFUND TRANSFERS

During the year ended September 30, 2013, the amounts of \$2,689,483 and \$638,795 were transferred out of the General Fund and Water Utility Operations Fund, respectively, and the amounts of \$2,971,028 and \$357,250 were transferred into the Water Utility Expansion Fund and Debt Service Fund, respectively to meet debt service requirements on the outstanding debt.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### NOTE 5. CAPITAL ASSETS

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

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 2,498,695	\$ -	\$ -	\$ 2,498,695
Construction in progress	-	-	-	-
Total capital assets not being depreciated	2,498,695	-	-	2,498,695
Capital assets being depreciated:				
Water and Sewer Plant	10,070,706	-	-	10,070,706
Irrigation equipment	194,171	-	(165,032)	29,139
Culverts	718,702	-	-	718,702
Equipment	<u>219,016</u>	<u>43,000</u>	<u>-</u>	<u>262,016</u>
Total capital assets being depreciated	<u>11,037,564</u>	<u>43,000</u>	<u>(165,032)</u>	<u>11,080,564</u>
Less: accumulated depreciation for:				
Water and sewer plant	2,459,014	343,015	-	2,802,029
Irrigation equipment	188,197	925	(165,032)	24,090
Culverts	458,207	17,225	-	475,432
Equipment	<u>184,351</u>	<u>8,662</u>	<u>-</u>	<u>193,013</u>
Total accumulated depreciation	<u>3,124,738</u>	<u>369,827</u>	<u>(165,032)</u>	<u>3,494,564</u>
Total capital assets being depreciated, net	<u>7,912,826</u>	<u>(326,827)</u>	<u>-</u>	<u>7,585,999</u>
Governmental activities capital assets, net	<u>\$10,411,521</u>	<u>\$(326,827)</u>	<u>\$ -</u>	<u>\$10,084,694</u>

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### NOTE 6. LONG-TERM LIABILITIES

#### *Bonds Payable*

\$4,120,000 Seminole Water Control District Improvement Bonds, Unit of Development No. 2, Series 1996 are payable from the non-advalorem assessments levied, amounts in the debt services reserve fund, and any other legally available resources. Two series of the bonds were outstanding at September 30, 2013.

2022A Term Bonds: This series bears interest of 6.75% and is payable in annual installments of \$95,000 to \$175,000 through August 2022. The principal outstanding at September 30, 2013 totaled \$1,205,000.

2022B Term Bonds: This series bears interest at 7.25% and is payable in annual installments of \$85,000 to \$165,000 through August 2022. The principal outstanding at September 30, 2013 totaled \$1,115,000.

The bonds are redeemable before maturity at the District’s option at par value. The bond agreement requires the maintenance of a debt service account with a minimum balance of \$348,800. The District was in compliance with this requirement at September 30, 2013.

Annual debt service requirements to maturity of these bonds are as follows:

Year ended September 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 190,000	\$ 162,175	\$ 352,175
2015	210,000	148,900	358,900
2016	220,000	134,225	354,225
2017	240,000	118,850	358,850
2018 to 20022	<u>1,460,000</u>	<u>321,625</u>	<u>1,781,625</u>
	<u>\$ 2,320,000</u>	<u>\$ 885,775</u>	<u>\$ 3,205,775</u>

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### NOTE 6. LONG-TERM LIABILITIES (Continued)

#### *Note Payable*

On May 28, 2009 the District executed a note with Riverside National Bank (“Riverside”) to convert a line of credit in the amount of \$3,500,000 to a term loan. On April 16, 2010 Riverside was acquired by TD Bank (the “Bank”). The note was a renewal of a promissory note made by the District and payable to the Bank, dated August 24, 2004 and was issued pursuant to a Loan Agreement adopted by resolution of the District on August 23, 2004. The note required repayment of principal and interest in the amount of \$20,154 per month and was payable in full on May 24, 2011. In April 2011 both parties agreed to an informal month to month extension of the loan until a new agreement could be reached. The District and the Bank concluded their negotiations by signing an agreement effective November 1, 2011. The Agreement parallels the previous loan agreement by extending the term to December 1, 2012 and specifies an interest rate of 3.18972% with monthly amortization of principal and interest of \$17,912. All unpaid principal and interest was due in full on December 1, 2012. The District levied assessments in its fiscal year 2011-12 budget sufficient to meet this obligation and the loan was paid in full on December 1, 2012

#### *Changes in Long-Term Debt*

The following is a summary of changes in long-term debt for the year ended September 30, 2013:

	October 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	September <u>30, 2013</u>	Due Within <u>One Year</u>
Bonds payable	\$2,500,000	\$ -	\$ (180,000)	\$ -	\$ 2,320,000	\$ 190,000
LOC payable	<u>3,085,000</u>	-	<u>(3,063,796)</u>	<u>(21,204)</u>	-	-
Total	<u>\$5,585,000</u>	<u>\$ -</u>	<u>\$ 3,243,796)</u>	<u>\$ (21,204)</u>	<u>\$ 2,320,000</u>	<u>\$ 190,000</u>

During the year ended December 30, 2013, it was discovered that the LOC Payable balance was overstated by \$21,204 in the prior year. An adjustment in this amount was made to correct the balance.

# Seminole Improvement District

## Notes To Basic Financial Statements (Continued)

### **NOTE 7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Specifically, the District purchases commercial insurance for public officials and for property, general liability and pollution events. There were no claims, and settlements that exceeded insurance coverage in the last three years.

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 accident.

### **NOTE 8. RELATED PARTY TRANSACTIONS**

#### *Callery-Judge Grove*

Callery-Judge Grove (the "Grove") is the largest property owner in the District. During the year ended September 30, 2012, the District received approximately \$1,775,585 in gross assessment revenues on Grove properties. During the year ended September 30, 2013, the Grove provided accounting and supervisory services to the District as well as maintenance services at hourly rates. Fees paid to the Grove for services totaled \$271,135 in the fiscal year ended September 30, 2013 which included \$120,000 for management services, \$132,138 for repair and maintenance services, \$5,389 for operation expenditures and \$13,608 for accounting and bookkeeping services.

In 2003, the District sold 360 acres of canals and roadways while retaining a broad easement (the "Property") to the Grove in exchange for a term note on the amount of \$1,400,000. The District maintains a perpetual, nonexclusive easement over, under, and upon the entire Property for the purpose of providing necessary services authorized by legislation. Due to the foreclosure lawsuit filed against the Grove discussed above, a reserve had been established for the full amount of the note receivable. During the year ended September 30, 2013, the District collected the full amount of the note referenced above of \$1,400,000. The amount collected is shown as miscellaneous revenues on the Statement of Activities and Statement of Revenues, Expenditures and changes in Fund Balances - Governmental Funds.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Seminole Improvement District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule-General Fund**

Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance With Final Budget-Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Assessments- net of collection costs	\$ 813,333	\$ 813,333	\$ 1,623,209	\$ 809,876
Interest and investment revenue	-	-	9,639	9,639
Other	-	-	1,438,639	1,438,639
Total revenues	<u>813,333</u>	<u>813,333</u>	<u>3,071,487</u>	<u>2,258,154</u>
<b>Expenditures:</b>				
Current:				
General and administrative	502,088	502,088	193,879	308,209
Physical environment	153,000	153,000	192,160	(39,160)
Total expenditures	<u>655,088</u>	<u>655,088</u>	<u>386,039</u>	<u>269,049</u>
Excess (deficiency) of revenue over expenditures	<u>158,245</u>	<u>158,245</u>	<u>2,685,448</u>	<u>2,527,203</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(2,689,483)	(2,689,483)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,689,483)</u>	<u>(2,689,483)</u>
Net change in fund balances	158,245	158,245	(4,035)	(162,280)
Fund balances, beginning	<u>4,628,422</u>	<u>4,628,422</u>	<u>4,628,422</u>	
Fund balances, ending	<u>\$ 4,786,667</u>	<u>\$ 4,786,667</u>	<u>\$ 4,624,387</u>	

**Seminole Improvement District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule-Water Utility Operations Fund**

Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>With Final</u> <u>Budget-Actual</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Assessments- net of collection costs	\$ 850,288	\$ 850,288	\$ 885,617	\$ 35,329
User fees:				-
Capacity charges	315,616	315,616	317,322	1,706
User fee per GPD	99,800	99,800	76,737	(23,063)
Other	-	-	44,283	44,283
Total revenues	<u>1,265,704</u>	<u>1,265,704</u>	<u>1,323,959</u>	<u>58,255</u>
<b>Expenditures:</b>				
Current:				
General and administrative	136,857	136,857	76,101	60,756
Physical environment	554,552	554,552	566,063	(11,511)
Capital outlay	-	-	43,000	(43,000)
Total expenditures	<u>691,409</u>	<u>691,409</u>	<u>685,164</u>	<u>6,245</u>
Excess (deficiency) of revenue over expenditures	<u>574,295</u>	<u>574,295</u>	<u>638,795</u>	<u>64,500</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(638,795)	(638,795)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(638,795)</u>	<u>(638,795)</u>
Net change in fund balances	574,295	574,295	-	(574,295)
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances, ending	<u>\$ 574,295</u>	<u>\$ 574,295</u>	<u>\$ -</u>	

**Seminole Improvement District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule-Water Utility Expansion Fund**

Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance With Final Budget-Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Assessments- net of collection costs	\$ 167,158	\$ 167,158	\$ 147,903	\$ (19,255)
Total revenues	<u>167,158</u>	<u>167,158</u>	<u>147,903</u>	<u>(19,255)</u>
<b>Expenditures:</b>				
Current:				
General and administrative	96,479	96,479	37,223	59,256
Debt service:				
Principal	-	-	3,063,796	(3,063,796)
Interest	25,000	25,000	17,912	7,088
Total expenditures	<u>121,479</u>	<u>121,479</u>	<u>3,118,931</u>	<u>(2,997,452)</u>
Excess (deficiency) of revenue over expenditures	<u>45,679</u>	<u>45,679</u>	<u>(2,971,028)</u>	<u>(3,016,707)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	2,971,028	2,971,028
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,971,028</u>	<u>2,971,028</u>
Net change in fund balances	45,679	45,679	-	(45,679)
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances, ending	<u>\$ 45,679</u>	<u>\$ 45,679</u>	<u>\$ -</u>	

**Seminole Improvement District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule-Debt Service Fund**

Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance With Final Budget-Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Assessments- net of collection costs	\$ -	\$ -	\$ -	\$ -
Interest and investment revenue	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Debt service:				
Principal	180,000	180,000	180,000	-
Interest	174,750	174,750	174,750	-
Other	2,500	2,500	2,500	-
Total expenditures	<u>357,250</u>	<u>357,250</u>	<u>357,250</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(357,250)</u>	<u>(357,250)</u>	<u>(357,250)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	357,250	357,250
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>357,250</u>	<u>357,250</u>
Net change in fund balances	(357,250)	(357,250)	-	357,250
Fund balances, beginning	<u>351,654</u>	<u>351,654</u>	<u>351,654</u>	
Fund balances, ending	<u>\$ (5,596)</u>	<u>\$ (5,596)</u>	<u>\$ 351,654</u>	

# Seminole Improvement District

## Notes To Required Supplementary Information

### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

As required by GASB Statement No. 34, a budgetary comparison schedule is presented for the general fund. Budgetary comparison schedules are not required, and have not been presented for the debt service fund. The procedures for establishing budgetary data are as follows:

- ❖ In June each year, the District Manager submits a proposed operating budget to the Board for the next fiscal year commencing the following October 1. The proposed budget includes expenditures and the means of financing them,
- ❖ Public hearings are conducted to obtain landowner comments,
- ❖ Prior to September 1, the budget is legally adopted by the Board.

Budgets are adopted on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States. All appropriations lapse at fiscal year end unless encumbered or specifically designated to be carried forward to the subsequent year. All budget changes must be approved by the Board. Accordingly, the legal level of control is at the function level.

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**COMPLIANCE SECTION**

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# Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

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## **Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed on Accordance with *Government Auditing Standards***

Board of Supervisors  
Seminole Improvement District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seminole Improvement District, as of and for the year ended September 30, 2013, and have issued our report dated May 1, 2014. We conducted our audit in accordance with auditing standards generally accepted on the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit, we consider the Seminole Improvement District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Seminole Improvement 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 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 disclose no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Board of Supervisors  
Seminole Improvement District  
Page Two

This report is intended solely for the information and use of management, the Board of Supervisors and regulatory agencies and is not intended to be and should not be used by anyone other than the specified parties.

*Brunt, Swamy, Metz, P.A., CPAs*

May 1, 2014



# Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

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## Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Board of Supervisors  
Seminole Improvement District

We have audited the financial statements of Seminole Improvement District (the District) as of and for the year ended September 30, 2013, and have issued our report thereon dated May 1, 2014.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated May 1, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with provisions of Chapter 10.550. Rules of the Auditor General, which govern the conductor of local governmental entry audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (h) 1.) require that we address in the management letter, if not already addresses in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no significant findings or recommendations made in the proceeding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 2.), the scope of our audit included 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 the District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554 (1) (h) 3.), require that we address in the management letter any findings and recommendations to improve financial management, accounting, procedure, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554 (1) (h) 4.), require disclosure in the management letter of the following matters if not already addresses in the auditor's report on compliance and internal controls and are not clearly inconsequential: (1) violation of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedure (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to attention of the auditor. Our audit found no matters that were required to be disclosed.

The Rules of the Auditor General (Section 10.554 (1) (h) 5.), also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes of the financial statements. This is disclosed in the notes to the financial statements. There are no component units related to the District.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 6a.), a statement must be included as to whether or not the local government entity has met one of more of the conditions described in Section 218.503 (1), Florida Statutes. 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.

As Required by the Rules of the Auditor General (Section 10.554 (1) (h) 6b.), we determined that the annual financial report for the District for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32 (1) (a), Florida Statutes, is in agreement with the annual audit report for the fiscal year ended September 30, 2013.

As required by the Rules of the Auditors General (Section 10.554 (h) 6c. and 10.556 (7)), we applied financial assessment procedures. It is management's responsibility to monitor the entity'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. The assessment was done as of the fiscal year end. There were no findings that identified deteriorating financial conditions.

This management letter is intended solely for the information of Seminole Improvement District management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these named parties.

*Bruce, Swamy, Metz, P.A., CPAs*

May 1, 2014