

**TINDALL HAMMOCK IRRIGATION
AND SOIL CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

September 30, 2013

**TINDALL HAMMOCK IRRIGATION AND
SOIL CONSERVATION DISTRICT
September 30, 2013**

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (unaudited)	4
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Fund – General Fund	12
Reconciliation of Balance Sheet of Governmental Fund to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund – General Fund	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	15
Balance Sheet – Proprietary Fund – Enterprise Fund	16
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund – Enterprise Fund	17
Statement of Cash Flows – Proprietary Fund – Enterprise Fund	18
Notes to Basic Financial Statements	19

**TINDALL HAMMOCK IRRIGATION AND
SOIL CONSERVATION DISTRICT
September 30, 2013**

**TABLE OF CONTENTS
(continued)**

**Required Supplementary Information other than Management's
Discussion and Analysis (unaudited):**

Budgetary Comparison Statement – General Fund	32
Budgetary Comparison Statement – Proprietary Fund	33

OTHER REPORTS SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34
Independent Auditor's Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General	36
Response to the Management letter	40



MARGOLIES, FINK AND WICHROWSKI

CERTIFIED PUBLIC ACCOUNTANTS

BUILDING 9, SUITE 1B

2201 W. SAMPLE RD.

POMPANO BEACH, FLORIDA 33073

OFFICE: (954) 979-5440

FAX: (954) 979-1939

www.mfwcpa.net

A Partnership of Professional Associations

Barry A. Fink, C.P.A., P.A.
Mark V. Wichrowski, C.P.A., P.A.

Bernard W. Margolies, C.P.A.

Members of
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Tindall Hammock Irrigation and Soil Conservation District
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and business type activities, which represent major funds of Tindall Hammock Irrigation and Soil Conservation 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, and business type activities, and the aggregate remaining fund information of the Tindall Hammock Irrigation and Soil Conservation District, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows 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 4 through 9 and 32 through 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 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 Tindall Hammock Irrigation and Soil Conservation 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 June 11, 2014, on our consideration of the Tindall Hammock Irrigation and Soil Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tindall Hammock Irrigation and Soil Conservation District's internal control over financial reporting and compliance.

Margolies, Fink and Wichrowski

Certified Public Accountants
Pompano Beach, Florida
June 11, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2013**

The management of Tindall Hammock Irrigation and Soil Conservation District would like to provide readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2013. Readers are encouraged to consider the information presented in this discussion and analysis in conjunction with the District's basic financial statements, which are contained herein and commence on page 8.

Prior to discussing the financial position of the District, the following information is offered to the readers. The Tindall Hammock Irrigation and Soil Conservation District exists pursuant to the provisions of Ch. 98-523, Laws of Florida, as amended, a Special Act of the Florida Legislature. The District was originally formed in 1951 and today the District manages approximately 780 acres in central Broward County, Florida, and serves a population of approximately 3,300 residents. The District, a special purpose unit of local government, has powers to manage stormwater, and exercise flood control, as well as own and operate utilities. Such powers include the ability to borrow money, and issue bonds or other evidences of indebtedness, to assess and levy upon all the lands in the District annual drainage, administrative and maintenance taxes, and to install and foreclose special assessment liens.

FINANCIAL HIGHLIGHTS

The District's total assets exceeded total liabilities by \$7,344,276 (net position). Unrestricted net position for governmental activities were \$4,507,373, and \$(2,681,031) for business-type activities.

Governmental activities revenues totaled \$1,289,591 while governmental activities expenses totaled \$577,456 Business – type operating revenues totaled \$1,842,790. Business – type expenses totaled \$1,298,308.

DISTRICT HIGHLIGHTS

During the 2013 fiscal year the District completed the following capital improvements projects:

Demolished and rebuilt the enclosure for the pump for Tier 15, Everglades Lakes Mobile Home Park.

Completed repairs to and partial culverting of the North Haul Road Canal.

Infrastructure for the potable water distribution, wastewater collection and wastewater pumping systems for the Toscana I development was completed and contributed to the District.

A new modular office building was acquired for the utility plant and will be operational in FY 2014. In conjunction with the new office building, new computer equipment was acquired and installed for the utility plant for its customer billing and general administrative functions.

A Five Year Capital Plan was developed to address needed and required improvements at the utility plant. An invitation to bid was prepared and released in August 2013. The bid was awarded to the low-bidder, R.J. Sullivan, in October 2013. Implementation of the plan is scheduled to begin in January 2014.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2013**

DISTRICT HIGHLIGHTS (continued)

Additional metering equipment was installed in conjunction with the residential and industrial development activity within the District.

New monitoring well was installed on the north end of the Haul Road.

New fire hydrant(s) were installed pursuant to an agreement with FDOT.

The five year recertification process was started for property owners within the District.

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 the 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 the basic financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund 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 the Statement of Net Position and the Statement of Activities. These statements use accounting methods similar to those used by private sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by assessments and property taxes. Business-type activities are supported by charges to the users of those activities, such as water and sewer services.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2013**

Government-wide financial statements (continued)

The Statement of Net Position presents information on all assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Net position is reported in three categories: 1) investment in capital assets, net of related debt, 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all governmental activities separate from the assets, liabilities, and net position of business-type activities.

The statement of activities presents information on all revenues and expenses of the District and the change in net position. 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 funds, 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 changes in fund balance for all governmental funds. A statement of revenues, expenditures, and changes in fund balance - budget and actual, is provided for the District's General Fund. For the Enterprise Fund, a statement of net position, a statement of revenues, expenses, and changes in net position, 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 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, machinery and equipment, and infrastructure are reported in the statement of net position. 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 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.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2013**

Fund Financial statements (continued)

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, reconciliation is provided.

Notes to the Basic Financial statements

The notes provide additional detail concerning the financial activities and financial balances of the District, information about the accounting practices of the District, investments of the District, and long-term debt. It is important for readers to spend time understanding these notes as they contain important information related to the financial statements.

THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tindall Hammock Irrigation and Soil Conservation District, assets exceeded liabilities by \$7,344,276 at the close of the most recent year. The largest portion of the District's net position (75%) reflects its investments in capital assets (land, buildings, machinery and equipment, and infrastructure). The District uses capital assets to provide services to property owners, residents and businesses; accordingly, these assets are not available for future spending.

The District adopted the fiscal year 2012-2013 General and Proprietary Fund Budgets on September 19, 2012. The District made one amendment to the budget on August 21, 2013. Total General Fund expenditures budgeted for the fiscal year ended September 30, 2013, were \$2,272,342. Total actual general fund expenditures were \$575,033. Total Proprietary Fund expenditures budgeted for the fiscal year ended September 30, 2013, were \$1,122,800, while the actual Proprietary Fund expenditures were \$1,062,784. The significant difference between budgeted and actual expenditures was largely due to capital improvements and contingent items that were not undertaken or needed during the fiscal year.

ACQUISITION OF WATER AND WASTEWATER UTILITY SYSTEM

The District acquired Ferncrest Utilities, Inc. on November 3, 2008, through the issuance of \$1,983,587 of its Ad Valorem Tax Bond Anticipation Notes, Series 2008, as payment of a portion of the purchase price of \$4,240,000.

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

September 30, 2013

GOVERNMENT-WIDE FINANCIAL ASSETS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of September 30, 2013 and 2012.

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$6,162,595	\$5,894,604	\$2,170,088	\$ 1,446,139	\$8,332,683	\$7,340,743
Capital assets	<u>1,019,590</u>	<u>969,203</u>	<u>4,498,344</u>	<u>3,593,620</u>	<u>5,517,934</u>	<u>4,562,823</u>
Total assets	<u>7,182,185</u>	<u>6,863,807</u>	<u>6,668,432</u>	<u>5,039,759</u>	<u>13,850,617</u>	<u>11,903,566</u>
Other liabilities	155,222	48,979	4,851,119	4,476,852	5,006,341	4,525,831
Non-current liabilities	<u>1,500,000</u>	<u>2,000,000</u>	-	-	<u>1,500,000</u>	<u>2,000,000</u>
Total liabilities	<u>1,655,222</u>	<u>2,048,979</u>	<u>4,851,119</u>	<u>4,476,852</u>	<u>6,506,341</u>	<u>6,525,831</u>
Net Position:						
Investment in capital assets, Net of related debt	1,019,590	969,203	4,498,344	3,591,316	5,517,934	4,560,519
Unrestricted	<u>4,507,373</u>	<u>3,845,625</u>	<u>(2,681,031)</u>	<u>(3,028,409)</u>	<u>1,826,342</u>	<u>817,216</u>
Total net position	<u>\$5,526,963</u>	<u>\$4,814,828</u>	<u>\$ 1,817,313</u>	<u>\$ 562,907</u>	<u>\$7,344,276</u>	<u>\$5,377,735</u>

Governmental activities increased the District's net position by \$712,135, and business-type activities increased the net position by \$1,254,406 as reflected in the table below:

Statement of Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Maintenance taxes, net	\$1,270,088	\$1,175,375	\$ -	\$ -	\$1,270,088	\$1,175,375
Water and sewer fees			1,812,315	1,327,681	1,812,315	1,327,681
Interest and other income	<u>19,503</u>	<u>519</u>	<u>30,475</u>	<u>-</u>	<u>49,978</u>	<u>519</u>
Total revenues	<u>1,289,591</u>	<u>1,175,894</u>	<u>1,842,790</u>	<u>1,327,681</u>	<u>3,132,381</u>	<u>2,503,575</u>
Expenses:						
Operations and maintenance	435,413	243,009	544,406	579,127	979,819	822,136
Payroll, taxes and benefits	52,101	51,241	516,016	512,239	568,117	563,480
Depreciation and amortization	57,366	58,456	237,828	232,806	295,194	291,262
Interest expense	<u>32,576</u>	<u>38,893</u>	<u>58</u>	<u>552</u>	<u>32,634</u>	<u>39,445</u>
Total expenses	<u>577,456</u>	<u>391,599</u>	<u>1,298,308</u>	<u>1,324,724</u>	<u>1,875,764</u>	<u>1,716,323</u>
Other income expense:						
Infrastructure contributed by developer	-	-	709,924	-	709,924	-
Change in net position	712,135	784,295	1,254,406	2,957	1,966,541	787,252
Net position, beginning of year	<u>4,814,828</u>	<u>4,030,533</u>	<u>562,907</u>	<u>559,950</u>	<u>5,377,735</u>	<u>4,590,483</u>
Net position, end of year	<u>\$5,526,963</u>	<u>\$4,814,828</u>	<u>\$1,817,313</u>	<u>\$ 562,907</u>	<u>\$7,344,276</u>	<u>\$5,377,735</u>

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2013**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Chairman, H. Collins Forman Jr. at 1323 SE 3rd Avenue, Fort Lauderdale, 33316.

BASIC FINANCIAL STATEMENTS

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

Statement of Net Position

September 30, 2013

	Government Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,480,437	\$ 985,985	\$ 2,466,422
Accounts receivable	-	203,221	203,221
Prepaid expenses	-	10,749	10,749
Goodwill	-	970,133	970,133
Deferred loan acquisition costs (net)	35,430	-	35,430
Advances to water and sewer fund	4,646,428	-	4,646,428
Deposits and other assets	300	-	300
Capital assets being depreciated (net)	1,019,590	4,247,020	5,266,610
Capital assets not being depreciated	-	251,324	251,324
	<hr/>		
Total assets	7,182,185	6,668,432	13,850,617
	<hr/>		
LIABILITIES:			
Accounts payable and accrued expenses	148,474	40,670	189,144
Contracts payable	-	46,987	46,987
Customer deposits	-	114,798	114,798
Other liabilities	-	2,236	2,236
Accrued interest payable	6,748	-	6,748
Current portion of note payable	500,000	-	500,000
Advances from general fund	-	4,646,428	4,646,428
Note payable	1,000,000	-	1,000,000
	<hr/>		
Total liabilities	1,655,222	4,851,119	6,506,341
	<hr/>		
NET POSITION:			
Investment in capital assets, net of related debt	1,019,590	4,498,344	5,517,934
Unrestricted	4,507,373	(2,681,031)	1,826,342
	<hr/>		
Total net position	\$ 5,526,963	\$ 1,817,313	\$ 7,344,276
	<hr/>		

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Activities
For the fiscal year ended September 30, 2013

	Program Revenues			Net (Expense) Revenue And Change in Net Position			
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
Physical environment	\$ 487,514	-	-	-	(487,514)	-	(487,514)
Depreciation and amortization	57,366	-	-	-	(57,366)	-	(57,366)
Interest expense	32,576	-	-	-	(32,576)	-	(32,576)
Total governmental activities	577,456	-	-	-	(577,456)	-	(577,456)
Business – type activities:							
Water and sewer	1,298,308	1,842,790	-	709,924	-	1,254,406	1,254,406
Total business type activities	1,298,308	1,842,790	-	709,924	-	1,254,406	1,254,406
Total government	\$ 1,875,764	1,842,790	-	709,924	(577,456)	1,254,406	676,950
			General revenues:				
			Maintenance taxes, net		1,270,088	-	1,270,088
			Interest and other income		19,503	-	19,503
			Change in net position		1,289,591	-	1,289,591
			Net position, beginning of year, restated		712,135	1,254,406	1,966,541
			Net position, end of year		4,814,828	562,907	5,377,735
					\$ 5,526,963	1,817,313	7,344,276

See accompanying notes to financial statements.

**BASIC FINANCIAL STATEMENTS -
FUND**

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Balance Sheet - Governmental Fund
September 30, 2013

	<u>General Fund</u>
ASSETS:	
Cash and investments	\$ 1,480,437
Advance to Proprietary Fund	4,646,428
Other assets	<u>300</u>
 Total assets	 <u>\$ 6,127,165</u>
 LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts payable and accrued expenses	\$ <u>148,474</u>
 Total liabilities	 <u>148,474</u>
 FUND BALANCES:	
Unassigned	<u>5,978,691</u>
 Total fund balances	 <u>5,978,691</u>
 Total liabilities and fund balances	 <u>\$ 6,127,165</u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Position
September 30, 2013

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

Total governmental fund balances		\$ 5,978,691
----------------------------------	--	--------------

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

Capital assets	\$ 1,790,162	
Less accumulated depreciation	<u>(770,572)</u>	1,019,590

Proceeds from a debt offering are not included in liabilities:

Long-term debt	(1,500,000)	
Debt acquisition expenses	99,500	
Accrued interest and debt acquisition cost amortization	<u>(70,818)</u>	<u>(1,471,318)</u>

TOTAL NET POSITION		<u>\$ 5,526,963</u>
--------------------	--	---------------------

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Fund
For the fiscal year ended September 30, 2013

	<u>General Fund</u>
General revenues:	
Maintenance taxes, net of discounts	\$ 1,270,088
Investment earnings and other income	<u>19,503</u>
Total general revenues	<u>1,289,591</u>
Expenditures:	
Operations and maintenance	435,413
Payroll, payroll taxes and benefits	52,101
Capital expenditures	87,519
Interest expense	<u>34,590</u>
Total expenditures	<u>609,623</u>
Excess of expenditures over revenues	<u>679,968</u>
Other financing activities (uses):	
Payments of long-term debt	<u>(500,000)</u>
Total other financing sources	<u>(500,000)</u>
Net change in fund balance	179,968
Fund balances at beginning of year	<u>5,798,723</u>
Fund balances at end of year	<u>\$ 5,978,691</u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Fund to the Statement of Activities
For the year ended September 30, 2013

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

Net change in fund balances - total governmental funds \$ 179,968

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

Expenditures for capital assets	\$ 87,520	
Less current year depreciation	<u>(37,133)</u>	
		50,387

Governmental fund report proceeds from debt offering as
 income. However in the statement of activities, proceeds
 from debt offerings are recorded as liabilities, costs to acquire
 such debt are capitalized and amortized over the term of the loan,
 additionally accrued interest is recorded as incurred.

Payment of long-term debt	\$ 500,000	
Less current amortization of debt issuance costs	<u>(18,220)</u>	<u>481,780</u>

Changes in net position \$ 712,135

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**Balance Sheet
Proprietary Fund
September 30, 2013**

	<u>Water and Sewer Utility</u>
ASSETS:	
Cash and cash equivalents	\$ 985,985
Accounts receivable	203,221
Prepaid expenses	10,749
Goodwill	970,133
Capital assets (net)	<u>4,498,344</u>
 Total assets	 <u>\$ 6,668,432</u>
 LIABILITIES:	
Accounts payable and accrued expenses	\$ 40,670
Advance from General Fund	4,646,428
Contracts payable	46,987
Customer deposits	114,798
Other liabilities	<u>2,236</u>
 Total liabilities	 <u>4,851,119</u>
 NET POSITION:	
Investment in capital assets, net of related debt	4,498,344
Unrestricted	<u>(2,681,031)</u>
 Total net position	 <u>1,817,313</u>
 Total liabilities and net position	 <u>\$ 6,668,432</u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the year ended September 30, 2013

	Water and Sewer Utility
Operating revenue:	
Water and sewer fees	\$ 1,812,315
Other income	30,475
Total operating revenue	1,842,790
Operating expenses:	
Operations and maintenance	544,406
Payroll, payroll taxes and benefits	516,016
Depreciation	237,828
Total operating expenses	1,298,250
Net operating income	544,540
Other non-operating income and expense:	
Interest expense	(58)
Total other income (expense)	(58)
Contributed assets:	
Infrastructure contributed by developer	709,924
Change in net position	1,254,406
Net position, beginning of year	562,907
Net position, end of year	\$ 1,817,313

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT**Statement of Cash Flows****Proprietary Fund****For the year ended September 30, 2013**

	<u>Water and Sewer Utility</u>
Cash flows from operating activities:	
Cash received from customers and users	\$ 2,047,156
Cash paid to employees for services	(511,158)
Cash paid to suppliers for goods and services	(783,186)
	<hr/>
Net cash provided by operating activities	752,812
	<hr/>
Cash flows used for investing activities:	
Purchase of operating assets, net	(432,628)
	<hr/>
Net cash used for investing activities	(432,628)
	<hr/>
Cash flows provided from (used for) financing activities:	
Advances from governmental fund	330,392
Payment on installment notes	(2,304)
	<hr/>
Net cash used for capital and related financing activities	328,088
	<hr/>
Net increase in cash and cash equivalents	648,272
	<hr/>
Cash and cash equivalents at beginning of year	337,713
	<hr/>
Cash and cash equivalents at end of year	\$ 985,985
	<hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Change in net position	\$ 1,254,406
	<hr/>
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	237,828
Allowance for bad debts	1,145
Infrastructure contributed by developer	(709,924)
Increase in accounts receivable	(82,671)
Decrease in prepaid expenses	5,849
Increase in other liabilities	2,236
Increase in accounts payable and accrued expenses	11,831
Increase in accrued compensated absences	1,081
Increase in customer deposits	31,031
	<hr/>
Net cash provided by operating activities	\$ 752,812
	<hr/>
Cash expenditures paid for interest	\$ 58
	<hr/>

See accompanying notes to the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements

(1) DESCRIPTION OF THE TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

The Tindall Hammock Irrigation and Soil Conservation District ("District") exists pursuant to the provisions of Chapter 98-523, Laws of Florida, as amended, a Special Act of the Florida Legislature. The District was originally formed in 1951 and includes approximately 780 acres in central Broward County, Florida.

The District is a special purpose unit of a local government with powers in the areas of stormwater management, flood control, and utility ownership and operation. Such powers include ability to borrow money and issue bonds or other evidences of indebtedness, levy and impose upon all the lands in the District annual drainage, administrative, and maintenance taxes and impose and foreclose special assessment liens.

On November 3, 2008, the District acquired the operating assets of Ferncrest Utilities, Inc. located in Davie, Florida. On September 30, 2013, the utility had approximately 768 customers for water services and 726 customers for sewer services.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Government Accounting Standards Board ("GASB") is the standard-setting body for establishing government accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

(a) Reporting Entity

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The District's financial statements include operations for which the District exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The District has not identified any component units and is not a participant in any joint-venture; accordingly, operations of no other entities have been included in the financial statements.

The District implemented the requirements of GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions during the year ending September 30, 2011. The District has implemented the requirements of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, during the year ended September 30, 2013. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District did not have any deferred outflows or deferred inflows of resources as of September 30, 2013

(b) Government-Wide and Fund Financial Statements

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

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information on all activities of the District. Inter-fund activity has been eliminated from these statements. The statement of activities demonstrates the extent to which the expenses of the District are offset by the revenues collected by the District. Revenues collected include the investment income earned during the year.

(c) Major Funds

Governmental Fund Type

Government funds are used to account for the District's expendable financial resources and related liabilities. The following are the District's governmental fund types:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Fund Type

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.

(d) Measurement Focus and Basis of Accounting

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 the related cash flows.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Measurement Focus and Basis of Accounting (continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Governmental fund financial statements are reported using the current financial resources measurement and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers maintenance taxes to be available if they are collected within sixty days of the end of the current fiscal period. A one-year availability period is used for all other revenues.

Revenues susceptible to accrual are maintenance taxes and interest on investments. Maintenance taxes are recorded as revenues in the fiscal year they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

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

(e) Budgetary Procedures and Accounting

An annual budget is adopted for the General Fund on a basis consistent with GAAP, except the budgets include encumbrances as the equivalent of expenditures, and do not include revenues and expenditures related to certain special projects. As of September 30, 2013, the "actual budgetary basis" is presented on a basis which is not consistent with GAAP.

Before August of each year, the District Chairman, in conjunction with the District Management Company and the District Attorney, submits to the Board of Supervisors the proposed budget for the fiscal year commencing October 1. The District holds workshops and public hearings on the proposed budget. Prior to the end of each fiscal year, the budget is formally adopted for the ensuing year.

The legal level of control, the level at which expenditures may not exceed the budget, is at the total expenditure level. Should additional expenditures be necessary during the year, the District has the authority to modify the budget by a majority vote of its Board.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Capital Assets and Depreciation

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 and confiscated capital assets are valued at their estimated fair value on the date donated or when awarded by the courts. The District defines capital assets as assets with an initial individual cost of more than \$5,000 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 - 40 years.

Maintenance, repairs, and minor renovations are not capitalized. Expenditures that materially increase values or extend useful lives are capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Equipment	5-7
Water and sewer equipment	5-7
Water and sewer infrastructure	15-40
Water Control Structures (Including storm water pump stations)	15-50

Depreciation expense is reflected in the financial statements in accordance with GASB Statement No. 34 requirements for capital assets greater than \$5,000.

(g) Prepaid Expenses/Expenditures

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

(h) Accounts Receivable

Accounts receivable reflected in the Water and Sewer Enterprise Fund consist of charges to customers for service. No allowance for doubtful accounts is considered necessary.

(i) Encumbrances

For governments that use encumbrance accounting, significant encumbrances should be disclosed in the notes to the financial statements by major funds and non-major funds in the aggregate in conjunction with required disclosures about other significant commitments.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Encumbrances (continued)

Encumbered amounts for specific purposes for which resources already have been restricted, committed, or assigned should not result in separate display of the encumbered amounts within those classifications. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned should not be classified as unassigned but, rather, should be included within committed-or assigned fund balance. The District includes encumbrances in the committed fund balance. There are no encumbrances outstanding as of September 30, 2013.

(j) Due To/From Other Funds

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

(k) Bond Issuance Costs

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

(l) Cash Equivalents

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

(m) Use of Estimates

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

(n) Fund Balance

The Governmental Accounting Standards Board (GASB) released GASB Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54") on March 11, 2009 which is effective for fiscal years beginning after June 15, 2010.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fund Balance (continued)

This new Statement is intended to improve the usefulness of information reported about fund balance by providing more structured classification and by clarifying the definitions of existing governmental fund types. This Statement applies to fund balance reported in the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Fund and Permanent Fund. This Statement does not apply to Enterprise Funds, Internal Service Funds, and restricted reserves.

Previously, fund balance was classified as “reserved” or “unreserved.” Unreserved fund balance was further allocated into designated and undesignated. GASB 54 now changes how fund balance will be reported. The hierarchy of the GASB 54 classifications is as follows:

Non-spendable Fund balance includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually. The District uses the consumption method of reporting inventory; therefore, it is not reported as a non-spendable fund balance.

Restricted Fund Balance includes amounts constrained for a specific purpose by external parties.

Committed Fund Balance includes amounts constrained for a specific purpose by a government using its highest level of decision making authority. The District’s outstanding encumbrances are included in the committed fund balance. There are no encumbrances outstanding as of September 30, 2013.

Assigned Fund Balance includes general fund amounts constrained for a specific purpose by the District’s board.

Unassigned Fund Balance is the residual classification for the general fund.

The District’s board approves all transactions that occur with respect to the committed fund balance.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

There was no restatement required to the opening fund balances as a result of the GASB 54 implementation.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Impact of Recently Issued Accounting Pronouncements

Recently Issued Accounting Pronouncements, Not yet Implemented

The District has not yet determined the impact of the following GASB pronouncements which have been issued but are not yet effective and have not been implemented.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2012. The District is required to implement this Statement in its fiscal year beginning October 1, 2013.

In March 2012, GASB issued Statement No. 66 *Technical Corrections 2012 an - amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2012. The District is required to implement this Statement in its fiscal year beginning October 1, 2013.

In June 2012, GASB issued Statement No. 67 *Financial Reporting for Pension Plans -an amendment of GASB Statement No. 25*. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. For defined benefit pension plans, this statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The provisions of this Statement are effective for financial statement periods beginning after June 15, 2013. The District is required to implement this Statement in its fiscal year beginning October 1, 2013.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2012, GASB issued Statement No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that meet certain characteristics. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of this Statement are effective for financial statement periods beginning after June 15, 2014. The District is required to implement this Statement in its fiscal year beginning October 1, 2014.

In January 2013, GASB issued Statement No. 69 *Government Combinations and Disposals of Government Operations*. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The District is required to implement this Statement in its fiscal year beginning October 1, 2014.

In April 2013, GASB issued Statement No. 70 *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a non-exchange financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a non-exchange financial guarantee may be applied prospectively.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(3) CASH AND INVESTMENTS

Amounts on deposit at a financial institution on September 30, 2013, consisted of the following accounts, which, in addition to being insured by the Federal Deposit Insurance Corp. (FDIC) to \$250,000, are secured by collateralized securities as required under Chapter 280, of the Florida Statutes:

Cash - checking	<u>\$ 2,466,422</u>
	<u>\$ 2,466,422</u>

(4) MAINTENANCE TAXES AND SPECIAL ASSESSMENTS

Maintenance taxes and special assessments attach as an enforceable lien on the owners' property as of January 1. The taxes are levied on November 1 and are payable, without penalty, from November 1 to the following March 31. Broward County bills and collects these taxes and assessments and remits these proceeds to the District. Payments made after March 31, are subject to late payment fines. Any amount unpaid as of June 30, result in a tax certificate sale to investors. The District receives its share of the certificate sales which usually reflects the full amount due to then District. There were no material delinquent taxes as of September 30, 2013.

(5) INTER-FUND ADVANCES

The composition of inter-fund balances as of September 30, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Proprietary Fund	\$4,646,428

The amount receivable in the General Fund represents a working capital transfer to the Proprietary Fund. The District is contemplating forgiveness of this inter-fund loan and may adopt a future policy that provides for annual operating subsidies to the Proprietary Fund.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(6) CAPITAL ASSETS

The following summarizes changes in the capital assets:

	Balance 9/30/12	Reclassifications and Additions	Reclassifications and Deletions	Balance 9/30/13
Governmental Activities:				
Capital Assets Being Depreciated				
Water control structures	\$ 1,469,104	\$ 84,824	\$ -	\$ 1,553,928
Equipment	233,538	2,696	-	236,234
Total Capital Assets Being Depreciated	1,702,642	87,520		1,790,162
Less Accumulated Depreciation				
Water control structures	560,214	25,438	-	585,652
Equipment	173,225	11,695	-	184,920
Total Accumulated Depreciation	733,439	37,133	-	770,572
Capital Assets, Net	\$ 969,203	\$ 50,387	\$ -	\$ 1,019,590
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 251,324	\$ -	\$ -	\$ 251,324
Capital Assets Being Depreciated				
Infrastructure	3,784,099	1,132,210	-	4,916,309
Equipment	371,874	10,341	-	382,215
Total Capital Assets Being Depreciated	4,155,973	1,142,551	-	5,298,524
Less Accumulated Depreciation				
Infrastructure	671,641	203,706	-	875,347
Equipment	142,035	34,122	-	176,157
Total Accumulated Depreciation	813,676	237,828	-	1,051,504
Capital Assets, Net	\$ 3,593,621	\$ 904,723	\$ -	\$ 4,498,344

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(7) LONG - TERM DEBT

Debt of governmental activities at September 30, 2013 included the following:

\$3,000,000 Ad Valorem Tax Capital Improvement Note, Series 2010, interest at 1.5% above bank Libor, maturing on July 1, 2015, interest payable semi-annually on July 1, and December 1, principal paid annually on July 1.	\$ 1,500,000
	-
	\$ 1,500,000

The future annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2014	\$ 500,000	\$ 27,487	\$ 527,487
2015	1,000,000	18,324	1,018,324
	\$ 1,500,000	\$ 45,811	\$ 1,545,811

(8) 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.

(9) ACQUISITION OF WATER AND WASTEWATER UTILITY SYSTEM

The District acquired Ferncrest Utilities, Inc. on November 3, 2008, through the issuance of \$1,983,587 of its Ad Valorem Tax Bond Anticipation Notes, Series 2008, in payment of a portion of the purchase price of \$4,240,000. The balance of \$1,900,000 was an in-kind contribution to the District. On November 11, 2008, the District approved resolution 2008-20 which authorized the execution and delivery of a Master Trust Indenture in connection with the issuance of not to exceed \$15,000,000 aggregate principal amount of its Tindall Hammock Irrigation and Soil Conservation District (Davie, Florida) Ad Valorem Tax Bonds, Series 2008 (the "Series 2008 bonds"). The resolution also appointed a trustee, provided for severability, provided for an effective date, and for other general purposes. As of September 30, 2013, the District had not yet issued any bonds authorized under the resolution.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(9) ACQUISITION OF WATER AND WASTEWATER UTILITY SYSTEM (continued)

During 2009, a major landowner within the District undertook a closure of a mobile home community that represented approximately 900 residential customers. The land is proposed to be used for other than mobile home purposes. Redevelopment of that land will occur over several years, during which time water and sewer revenues will not be collected from the closed mobile home community area.

The District obtained financing for the utility system and drainage improvements via the \$3,000,000 Ad Valorem Tax Capital Improvement Note, Series 2010.

The District's utility service area is located within the Town of Davie ("the Town"). The Town has approved certain land use amendments, and the redevelopment of several larger parcels within the District has led to an increase in both service revenue and ad valorem tax revenue in the current year. The continuing redevelopment will continue to increase both revenue sources for several years.

(10) UTILITY PLANT ACCESS

During due diligence of the acquisition of the utility system, the current access to the utility plant had been an issue. Currently, access to the utility plant is through another property owner's private streets. Access is currently available through these private streets and the property owner has made no demands to the District to cease using this access. The District has not been able to obtain a recorded ingress/egress to the plant, however, the District maintains the utility system within the property owners land and development.

(11) REGULATORY ISSUES

The District is engaged in certain environmental and regulatory issues that are applicable to the manner in which the District operates its drainage systems and its water and sewer system. The District has approved a multi-year Capital Improvement Program (CIP) which when completed will make all of the District systems compliant with current regulations. The District plans on implementing the CIP beginning in fiscal year 2014.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)

(12) RELATED PARTIES

In accordance with Special Act of the Legislature (Chapter 98-523, Laws of Florida, as amended), the District Board of Supervisors is elected by the owners of land within the District, with each landowners' vote being based on the land area (acres) that each landowner owns. A significant portion of the land within the District is owned by members of the Board of Supervisors and related parties. As a result, certain issues come before the District Board of Supervisors from time to time involving the District and these related parties. When these issues come before the Board involving individuals related to Board Members, the District receives opinions of third parties to provide guidance, advice and recommendations regarding these issues and voting on said issues.

On November 3, 2008, the District entered into an amended and restated lease agreement, with a related party allowing the District to discharge and dispose treated wastewater in accordance with its wastewater and disposal system permit issued by the Florida Department of Environmental Protection into a lake owned by the related party. The lease currently calls for minimum lease payments of \$2,856 per month. The District incurred \$34,162 in lease expense for the period ended September 30, 2013.

(13) SUBSEQUENT EVENTS

In October 2013, the District awarded the bid for Water and Wastewater Improvements for the Utility Plant to R.J. Sullivan Corp. in the amount of \$4,140,000 in furtherance of the implementation of its Capital Improvement Program.

The District has performed an evaluation of subsequent events through June 11, 2014, which is the date the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN M,D & A
(unaudited)**

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget And Actual - General Fund
(Budgetary Basis)
For the fiscal year ended September 30, 2013

	<u>Amended and Final Budget</u>	<u>Actual - Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Maintenance taxes, net of discounts	\$ 1,262,056	\$ 1,270,088	\$ 8,032
Other income		19,049	19,049
Interest	<u>1,000</u>	<u>454</u>	<u>(546)</u>
Total revenues	<u>1,263,056</u>	<u>1,289,591</u>	<u>26,535</u>
Operational expenditures:			
Pump repairs and maintenance	100,000	37,068	62,932
Payroll and payroll taxes	65,500	49,948	15,552
Property appraiser and collection fees	26,292	5,423	20,869
Insurance	18,900	2,152	16,748
Legal advertising	7,000	1,876	5,124
Permits	6,500	1,849	4,651
Communications	1,000	2,667	(1,667)
Bank fees	150		150
Utilities	<u>1,000</u>	<u>140</u>	<u>860</u>
	<u>226,342</u>	<u>101,123</u>	<u>125,219</u>
Professional fees:			
Management company	78,000	95,615	(17,615)
Engineering	350,000	91,770	258,230
Intergovernmental relations	50,000	15,000	35,000
Accounting	25,000	27,000	(2,000)
Legal	<u>150,000</u>	<u>157,006</u>	<u>(7,006)</u>
	<u>653,000</u>	<u>386,391</u>	<u>266,609</u>
Hurricane	300,000	-	300,000
Capital improvements	743,000	87,519	655,481
Machinery and equipment	75,000	-	75,000
Contingency	<u>275,000</u>	<u>-</u>	<u>275,000</u>
	<u>1,393,000</u>	<u>87,519</u>	<u>1,305,481</u>
Total expenditures	<u>2,272,342</u>	<u>575,033</u>	<u>1,697,309</u>
Excess (deficiencies) of revenues over expenditures	<u>(1,009,286)</u>	<u>714,558</u>	<u>1,723,844</u>
Other financing sources (uses):			
Scheduled debt payments	(500,000)	(500,000)	-
Debt finance expenses	<u>(34,000)</u>	<u>(34,590)</u>	<u>(590)</u>
Total other financing uses	<u>(534,000)</u>	<u>(534,590)</u>	<u>(590)</u>
Net change in fund balance	<u>\$(1,543,286)</u>	<u>\$ 179,968</u>	<u>\$ 1,723,254</u>

See accompanying notes to the financial statements.

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget And Actual - Proprietary Fund
(Budgetary Basis)
For the fiscal year ended September 30, 2013

	<u>Amended and Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
General service revenues	\$ 1,712,900	\$ 1,771,870	\$ 58,970
Miscellaneous revenues	<u>-</u>	<u>70,921</u>	<u>70,921</u>
Total revenues	<u>1,712,900</u>	<u>1,842,791</u>	<u>129,891</u>
Operational expenses:			
Payroll, payroll taxes and benefits	511,700	516,017	(4,317)
Professional services	4,400	12,341	(7,941)
Other contractual services	28,000	19,262	8,738
Engineering expenses	100	-	100
Sludge removal	50,400	44,640	5,760
Water testing	46,400	30,336	16,064
Telephone	9,900	9,523	377
Electricity	78,300	12,844	65,456
Purchased water and sewer treatment	102,500	133,731	(31,231)
Equipment rental	1,500	3,209	(1,709)
Lake rental	33,400	34,162	(762)
Insurance	43,600	37,614	5,986
Maintenance	120,800	107,076	13,724
Bad debts	4,500	4,529	(29)
Miscellaneous expense	600	2,393	(1,793)
Office supplies	15,700	19,210	(3,510)
Chemicals	53,700	44,933	8,767
Safety supplies	1,000	486	514
Uniforms	1,500	1,140	360
License and fees	6,100	17,143	(11,043)
Training and seminars	3,500	3,593	(93)
Machinery and equipment	<u>5,200</u>	<u>6,240</u>	<u>(1,040)</u>
Total operational expenses	<u>1,122,800</u>	<u>1,060,422</u>	<u>62,378</u>
Excess of revenues over expenditures before other expenses	<u>590,100</u>	<u>782,369</u>	<u>192,269</u>
Other:			
Infrastructure contributed by developer		709,924	709,924
Principal and interest payments		(2,362)	(2,362)
Depreciation	<u>-</u>	<u>(237,828)</u>	<u>(237,828)</u>
	<u>-</u>	<u>469,734</u>	<u>469,734</u>
Excess of revenues over expenditures	<u>\$ 590,100</u>	<u>\$ 1,252,103</u>	<u>\$ 662,003</u>

See accompanying notes to the financial statements.

OTHER REPORTS SECTION

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
For the fiscal year ended September 30, 2013**



MARGOLIES, FINK AND WICHROWSKI
CERTIFIED PUBLIC ACCOUNTANTS
BUILDING 9, SUITE 1B
2201 W. SAMPLE RD.
POMPANO BEACH, FLORIDA 33073
OFFICE: (954) 979-5440
FAX: (954) 979-1939
www.mfwcpa.net

A Partnership of Professional Associations

Barry A. Fink, C.P.A., P.A.
Mark V. Wichrowski, C.P.A., P.A.

Bernard W. Margolies, C.P.A.

Members of
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

**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***

To the Board of Supervisors of the
Tindall Hammock Irrigation and Soil Conservation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tindall Hammock Irrigation and Soil Conservation 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, and have issued our report thereon dated June 17, 2014.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Margolies, Fink and Wichrowski

Certified Public Accountants
Pompano Beach, Florida

June 11, 2014

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE
OF THE AUDITOR GENERAL**

For the fiscal year ended September 30, 2013



MARGOLIES, FINK AND WICHROWSKI

CERTIFIED PUBLIC ACCOUNTANTS

BUILDING 9, SUITE 1B

2201 W. SAMPLE RD.

POMPANO BEACH, FLORIDA 33073

OFFICE: (954) 979-5440

FAX: (954) 979-1939

www.mfwcpa.net

A Partnership of Professional Associations

Barry A. Fink, C.P.A., P.A.
Mark V. Wichrowski, C.P.A., P.A.

Bernard W. Margolies, C.P.A.

Members of
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE
OF THE AUDITOR GENERAL**

To the Board of Supervisors
Tindall Hammock Irrigation and Soil Conservation District

We have audited the financial statements of the Tindall Hammock Irrigation and Soil Conservation District whose headquarters is located in Davie, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 11, 2014.

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; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, if any, which are dated June 11, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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 corrective actions, or recommendations made in the preceding annual financial report that need to be discussed in the current management letter.
- 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 the Tindall Hammock Irrigation and Soil Conservation 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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 financial statements. The Tindall Hammock Irrigation and Soil Conservation District was originally established pursuant to the provisions of Chapter 98-523, a Special Act of the Florida Legislature in 1951. Since the initial charter was created several revisions have been made by the Florida Legislature, the latest having been completed in 2012. There are no component units of the Tindall Hammock Irrigation and Soil Conservation District to be disclosed as required by accounting principles generally accepted in the United States of America.
- Section 10.554(1)(i)6.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 Tindall Hammock Irrigation and Soil Conservation District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Tindall Hammock Irrigation and Soil Conservation District for the year ended September 30, 2012, 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 year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c, and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Tindall Hammock Irrigation and Soil Conservation 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 as of September 30, 2013, and through the date of our audit report, June 11, 2014.
- Pursuant to Section 215.985(11), Florida Statutes and Section 10.554(1)(i)8, the District provided monthly financial statements to its governing board and has made such financial statements available for public access on the District's website.

Pursuant to Chapter 119, Florida Statutes, this management letter is a 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 the Board of Commissioners of Tindall Hammock Irrigation and Soil Conservation District, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Margolies, Fink and Wichrowski

Certified Public Accountants

Pompano Beach, Florida

June 11, 2014

**TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
REPORT TO MANAGEMENT**

PART I - CURRENT YEAR COMMENTS AND RECOMMENDATIONS

No additional comments were noted for the fiscal year ended September 30, 2013. (See comment 2011-1 below)

PART II - STATUS OF PRIOR YEAR COMMENTS AND RECOMMENDATIONS

	<u>Comment cleared to our satisfaction or is no longer relevant</u>	<u>Comment still relevant</u>
<u>Comment 2012-1:</u> Cash accounts were not properly reconciled.	X	
<u>Comment 2012-2, 2011-2:</u> Accounts receivable and customer deposit sub-ledgers in the proprietary fund were not properly reconciled to the general ledger.	X	
<u>Comment 2012-3, 2011-3:</u> The District did not allocate wage expense, payroll tax expense, or accrued compensated absences to the correct fund for which employees provided services.	X	
<u>Comment 2012-4:</u> Accounts payable sub-ledger was not properly reconciled to general ledger.	X	
<u>Comment 2012-5:</u> During the current fiscal year the District was unable to produce the minutes of board meetings in a timely fashion.	X	
<u>Comment 2011-1:</u> During the prior fiscal year the District did not yet have a website in place and therefore could not conform to the requirements of Section 215.985(12) of the Florida Statutes. The District has developed a website. However, the required financial information has not been published on the website in accordance with the requirements of the statute. As of the date of this letter, the District has only published partial information through March 2012, and did not have the budget for the fiscal year ended September 30, 2012 published.		X

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT

**STATEMENT OF EXPLANATION OR REBUTTAL
TO MANAGEMENT LETTER COMMENTS AND RECOMMENDATIONS**

For the fiscal year ended September 30, 2013

TINDALL HAMMOCK IRRIGATION AND SOIL CONSERVATION DISTRICT
3941 SW 47th Avenue
Davie, Florida 33314

June 23, 2014

Mr. David W. Martin
Auditor General/State of Florida
111 West Madison Street
Post Office Box 1735
Tallahassee, Florida 32302-17635

RE: Tindall Hammock Irrigation and Soil Conservation District
For the Fiscal Year Ending September 30, 2013

Dear Mr. Martin:

In response to the "Report to Managements Comments and Recommendations" included in the above referenced audit report, the Districts responds as follows:

PART II - STATUS OF PRIOR YEAR COMMENTS AND RECOMMENDATIONS

Comment 2011-1:

During the prior fiscal year the District did not yet have a website in place and therefore could not conform to the requirements of Section 215.985(12) of the Florida Statutes. The District has developed a website. However, the required financial information has not been published on the website in accordance with the requirements of the statute. As of the date of this letter, the District has only published partial information through March 2012, and did not have the budget for the fiscal year ended September 30, 2012 published.

Response:

Management concurs with the auditor's findings and recommendations. Upon Management's investigation into the findings in Part I, Management found that software constraints and management company staff turnover, coupled with overall staff training issues, hindered the ability to provide financial statements in a format either timely or suitable for website presentation. As of the date of this letter, the 2012 Audited Financial Statements are available on the website. Within 30 days of the issuance of the September 30, 2013 Audited Financial Statements, Management is committed to posting same on the website.

As of October 1, 2013 a change was made in both District Management and the accounting software used to maintain the District financial records. As of the date of this letter, monthly financial statements for fiscal year 2014 are available on the website through and including February 2014. Further, Management is committed to having monthly financial statements consistently provided to its governing board and posted on the website within ninety (90) days from month end. The budget for fiscal year 2014 is also available on the website.

Sincerely,

H. Collins Forman Jr.

H. Collins Forman Jr.
Chairman

cc: Margolies, Fink and Wichrowski