

BAREFOOT BAY RECREATION DISTRICT, FLORIDA

Annual Financial Report

Year Ended September 30, 2017

BAREFOOT BAY RECREATION DISTRICT

Board of Trustees as of September 30, 2017

Chairperson:	Steve Diana
First Vice Chairperson:	Brian Lavier
Second Vice Chairperson:	Frank Cavaliere
Secretary:	Joseph Klosky
Treasurer:	Ed Geier

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Barefoot Bay Recreation District
Barefoot Bay, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, and each major fund of Barefoot Bay Recreation District, Florida (the "District") as of and for the year ended September 30, 2017, 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 District'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 District'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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and the Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits Plan, as listed in the table of contents, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 22, 2018

BAREFOOT BAY RECREATION DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year Ended September 30, 2017

As management of the Barefoot Bay Recreation District (the “District”), we offer readers of the District’s financial statements this overview and analysis of financial activities of the District for the fiscal year ended September 30, 2017. Please read the information presented here in conjunction with the financial statements and accompanying notes following this Management’s Discussion and Analysis (the “MD&A”).

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year 2017 by \$9,493,289 (net position). Of this amount, \$1,885,088 (unrestricted net position) may be used to meet the District’s ongoing obligations to citizens and creditors.
- The District’s total net position increased by \$542,500. The majority of this increase is attributable to the reclassification of principal debt payments and capital outlay.
- As of September 30, 2017, the District’s governmental funds reported combined ending fund balances of \$1,908,576, a decrease of \$300,421 in comparison with the prior year. Approximately 76% of this amount (\$1,456,907) is available for spending at the District’s discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$1,456,907 or 27% of General Fund expenditures for fiscal year 2017.
- The District’s long-term debt decreased by \$786,404 in fiscal year 2017, as we made our final scheduled bond payment, and no additional long-term debt has been added beyond a loan issued in the prior year.

Overview of the Financial Statements

The *organization-wide and fund financial statements* are combined for this annual report, as all activities of the District are governmental activities. The report consists of the organization-wide and fund statements, notes to the financial statements, and required supplementary information. The statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position and Governmental Funds Balance Sheets* presents information on all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.

The *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances* presents information showing how the District’s net position changed during the most recent fiscal year. The District uses the economic resources measurement focus and the accrual basis of accounting. All changes in net position are reported as the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., grants receivable and earned but unused vacation leave). These governmental activities are primarily supported by assessments and charges for services.

BAREFOOT BAY RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended September 30, 2017

It was the intention of the Governmental Accounting Standards Board, when it issued Statement No. 34, to institute significant changes in the way local governmental units account for their finances. It was a decision designed to make local government more "business like" in its approach to reporting financial conditions. The use of depreciation, more commonly used in business for tax purposes, and the netting of long-term assets, such as buildings, against long-term liabilities, like accrued vacation and sick leave, present both a more complex, as well as long-term picture of the governmental unit's fiscal health. Its objective is to alert citizens and governing boards to the costs and needs produced by aging infrastructure and unfunded future liabilities, thus showing the taxpayers there is a greater cost to operating a government than just the present year's operation.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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.

The *notes to the financial statements* 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 after the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*.

Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9,493,289 at the close of the fiscal year ended September 30, 2017.

As shown in the following table, the largest portion of the District's net position (80%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and intangibles), less any related debt used to acquire those assets. The District uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the District's investment in 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.

The remaining balance of unrestricted net position (\$1,885,088) is available to meet the District's obligations to citizens.

At the close of fiscal year ended September 30, 2017, there was a \$542,500 change in total net position from the prior year. The largest increase occurred in the net investment in capital assets from \$6.9 million to \$7.6 million mostly due to the beach project, stormwater improvements at Cherokee and Tamarind, and other capital projects, along with the current-year bond payment. Long-term liabilities decreased by \$807,832 from the prior year due to the scheduled payoff of the District's bonds.

BAREFOOT BAY RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended September 30, 2017

The District's Net Position

ASSETS	<u>FY 17</u>	<u>FY 16</u>
Current and Other Assets	\$ 2,275,175	\$ 2,579,212
Capital Assets, Net	<u>7,753,785</u>	<u>7,657,612</u>
Total Assets	<u>10,028,960</u>	<u>10,236,824</u>
 DEFERRED OUTFLOW		
Deferred Swap Outflow	<u>-</u>	<u>26,760</u>
 LIABILITIES		
Current and Other Liabilities	233,180	202,472
Long-Term Liabilities	<u>302,491</u>	<u>1,110,323</u>
Total Liabilities	<u>535,671</u>	<u>1,312,795</u>
 NET POSITION		
Net Investment in Capital Assets	7,608,201	6,851,101
Restricted in Debt Service	-	269,085
Unrestricted	<u>1,885,088</u>	<u>1,830,603</u>
Total Net Position	<u>\$ 9,493,289</u>	<u>\$ 8,950,789</u>

There was an overall increase in the District's net position of \$542,500 in fiscal year 2017. The majority of this increase is due to the reclassification of principal debt payments and capital outlay.

The District's Changes in Net Position

Revenues	<u>FY 17</u>	<u>FY 16</u>
Program Revenues		
Assessments	\$ 3,530,317	\$ 3,511,560
Charges for Services	2,017,624	1,893,316
Capital Grants and Contributions	-	17,436
General Revenues		
Investment Income	20,873	15,465
Other	<u>285,914</u>	<u>331,450</u>
Total Revenues	<u>5,854,728</u>	<u>5,769,227</u>
 Expenses		
General Government	5,299,436	5,142,626
Interest on Long-Term Debt	<u>12,792</u>	<u>54,357</u>
Total Expenses	<u>5,312,228</u>	<u>5,196,983</u>
 Change in Net Position	542,500	572,244
Net Position– Beginning	<u>8,950,789</u>	<u>8,378,545</u>
Net Position– Ending	<u>\$ 9,493,289</u>	<u>\$ 8,950,789</u>

BAREFOOT BAY RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended September 30, 2017

As mentioned previously, governmental activities increased the District's net position by \$542,500, in line with the prior year. Key elements of this change are as follows:

- Charges for Services revenue increased by \$124,308 from the prior year. This change indicates an increase in the number of residents using our facilities and services in fiscal year 2017.
- General government expenses increased by \$156,810 as compared with the prior year. This increase resulted from rising costs for employee benefits including insurance.

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.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balance 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.

As of the end of fiscal year 2017, the District's governmental funds reported combined ending fund balances of \$1,908,576, a decrease of \$300,421 in comparison with the prior year. Approximately 76%, or \$1,456,907, of this amount constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of fund balance is *non-spendable or committed* to indicate that it is not available for new spending because it is 1) obligated for inventory and prepaids (\$129,249), or 2) committed for capital improvement projects (\$322,420).

The *General Fund* is the operating fund of the District, and is considered a major fund for financial reporting. At the end of fiscal year 2017, unassigned fund balance was \$1,456,907, while the total fund balance reached \$1,908,576. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27% of total fiscal year 2017 General Fund expenditures. Total fund balance represents 36% of total fiscal year 2017 General Fund expenditures. The total fund balance of the District's General Fund minimally decreased during the fiscal year ended 2017 by \$31,336.

The *Debt Service Fund* is a major fund of the District. During fiscal year 2017, the fund was closed out after the District's final bond repayments were made. Fund balance was reduced by \$269,085 from the prior year.

General Fund Budgetary Highlights

The General Fund original budget was adjusted minimally during fiscal year ended 2017. The end-of-year budgeted expenditures increased by \$262,879 primarily for additional capital outlay projects not completed in the prior year. The General Fund actual expenditures were less than the final budget by \$474,352. This was mostly attributed to budgeted capital projects and major repairs not completed in the year.

BAREFOOT BAY RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended September 30, 2017

The following schedule shows the differences between the General Fund's actual revenues and expenditures and its amended budget:

		Final Budget	
EXPENDITURES	<u>Actual Amount</u>	<u>Amount</u>	<u>Variance</u>
General Government	\$ 4,814,465	\$ 5,249,383	\$ 434,918
Debt service	34,783	35,450	667
Capital outlay	506,678	545,445	38,767
Total	<u>\$ 5,355,926</u>	<u>\$ 5,830,278</u>	<u>\$ 474,352</u>
 REVENUES			
Assessments	\$ 3,530,317	\$ 3,528,205	\$ 2,112
Charges for services	2,017,624	2,074,612	(56,988)
Investment income	16,163	3,500	12,663
Other	285,914	280,437	5,477
Total	<u>\$ 5,850,018</u>	<u>\$ 5,886,754</u>	<u>\$ (36,736)</u>

Capital Assets and Long-Term Debt

Capital Assets

Capital asset management is divided between major systems turned over to Brevard County, which includes streets, roads and utilities; and those assets that the District is directly responsible for, which consists of all the common areas and recreational facilities regarded as amenities by the residents. The District's investment in capital assets (net of accumulated depreciation/amortization) for its governmental activities as of September 30, 2017 amounts to \$7,753,785, an increase of \$96,173 from the prior year. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, and construction in progress.

The following table presents the capital assets of the District at September 30, 2017:

	Governmental Activities	
	<u>FY 17</u>	<u>FY 16</u>
Land	\$ 4,292,933	\$ 4,292,933
Construction in Progress	420,309	108,203
Buildings and Improvements	8,708,044	8,668,727
Software	28,845	28,845
Machinery, Furniture and Equipment	1,128,339	1,011,332
	<u>14,578,470</u>	<u>14,110,040</u>
Less Accumulated Depreciation and Amortization	<u>(6,824,685)</u>	<u>(6,452,428)</u>
Capital Assets, net	<u>\$ 7,753,785</u>	<u>\$ 7,657,612</u>

Major capital asset events during the current fiscal year included the following:

- Continued the beach project Phase II in the amount of \$88,363
- Purchase of a dump truck in the amount of \$67,452
- Continued stormwater improvements project in the amount of \$188,334

Additional information on the District's capital assets can be found in Note 3.

BAREFOOT BAY RECREATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

Year Ended September 30, 2017

Long-Term Debt

At the end of the current fiscal year, the District had total loans payable of \$127,984. The District’s total outstanding long-term debt decreased \$786,405, as the District paid of its outstanding bonds originally issued for the purchase of its facilities from Avatar and the golf course irrigation system. The following table presents the outstanding loans payable of the District at September 30, 2017:

	Governmental Activities	
	FY 17	FY 16
Revenue Bonds Payable	\$ -	\$ 754,662
Loan Payable	127,984	159,727
Total Long-Term Debt	<u>\$ 127,984</u>	<u>\$ 914,389</u>

Additional information on the District’s long-term debt can be found in Note 3.

Economic Factors and Next Year’s Budget and Rates

A successful budgeting effort to control operating expenditures and an improvement in overall revenues contributed a positive impact on the overall District financial position during the fiscal year ended September 30, 2017. For fiscal year 2018, the assessment rate was increased by \$18 per year to \$738 per lot.

Request for Information

The financial report is designed to present users with a general overview of the District’s finances and to demonstrate the District’s accountability. If you have any questions concerning any of the information provided in this report or need additional financial information, contact the District’s Community Manager or Finance Manager at 625 Barefoot Boulevard, Bldg. F, Barefoot Bay, Florida 32976. Or call (772) 664-3141. Or visit our website at: www.District.org.

BASIC FINANCIAL STATEMENTS

BAREFOOT BAY RECREATION DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEETS

September 30, 2017

	General Fund	Debt Service Fund	Total	Adjustments (Note 2)	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 1,918,595	\$ -	\$ 1,918,595	\$ -	\$ 1,918,595
Receivables, net	87,720	-	87,720	-	87,720
Due from other governments	129,089	-	129,089	-	129,089
Inventories	52,995	-	52,995	-	52,995
Prepays	76,254	-	76,254	-	76,254
Other asset	6,192	-	6,192	-	6,192
Assets for resale	-	-	-	4,330	4,330
Property, plant and equipment, net	-	-	-	7,753,785	7,753,785
TOTAL ASSETS	<u>\$ 2,270,845</u>	<u>\$ -</u>	<u>\$ 2,270,845</u>	<u>7,758,115</u>	<u>10,028,960</u>
LIABILITIES					
Accounts payable	\$ 133,669	\$ -	\$ 133,669	-	133,669
Accrued payroll and related liabilities	67,582	-	67,582	-	67,582
Retainage payable	17,600	-	17,600	-	17,600
Due to other governments	4,668	-	4,668	-	4,668
Unearned revenue	2,236	-	2,236	-	2,236
Escrow deposits	7,425	-	7,425	-	7,425
Noncurrent liabilities:					
Due within one year	-	-	-	67,525	67,525
Due in more than one year	-	-	-	234,966	234,966
TOTAL LIABILITIES	<u>233,180</u>	<u>-</u>	<u>233,180</u>	<u>302,491</u>	<u>535,671</u>
DEFERRED INFLOWS					
Unavailable earned grants	129,089	-	129,089	(129,089)	-
TOTAL DEFERRED INFLOWS	<u>129,089</u>	<u>-</u>	<u>129,089</u>	<u>(129,089)</u>	<u>-</u>
FUND BALANCES / NET POSITION					
FUND BALANCES:					
Nonspendable for inventories and prepaids	129,249	-	129,249	(129,249)	-
Committed fund balance - Capital	322,420	-	322,420	(322,420)	-
Unassigned	1,456,907	-	1,456,907	(1,456,907)	-
TOTAL FUND BALANCES	<u>1,908,576</u>	<u>-</u>	<u>1,908,576</u>	<u>(1,908,576)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 2,270,845</u>	<u>\$ -</u>	<u>\$ 2,270,845</u>		
NET POSITION					
Net investment in capital assets				7,608,201	7,608,201
Unrestricted				1,885,088	1,885,088
TOTAL NET POSITION				<u>\$ 9,493,289</u>	<u>\$ 9,493,289</u>

The accompanying notes are an integral part of the financial statements.

BAREFOOT BAY RECREATION DISTRICT

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For The Year Ended September 30, 2017

	General Fund	Debt Service Fund	Total	Adjustments (Note 2)	Statement of Activities
REVENUES					
Assessments	\$ 3,530,317	\$ -	\$ 3,530,317	\$ -	\$ 3,530,317
Charges for services	2,017,624	-	2,017,624	-	2,017,624
Investment income	16,163	4,710	20,873	-	20,873
Other	285,914	-	285,914	-	285,914
TOTAL REVENUES	<u>5,850,018</u>	<u>4,710</u>	<u>5,854,728</u>	<u>-</u>	<u>5,854,728</u>
EXPENDITURES / EXPENSES					
General Government/Recreation	4,814,465	-	4,814,465	76,552	4,891,017
Debt Service:					
Principal	31,742	754,662	786,404	(786,404)	-
Interest	3,041	44,561	47,602	(34,810)	12,792
Depreciation	-	-	-	408,419	408,419
Capital outlay	506,678	-	506,678	(506,678)	-
TOTAL EXPENDITURES / EXPENSES	<u>5,355,926</u>	<u>799,223</u>	<u>6,155,149</u>	<u>(842,921)</u>	<u>5,312,228</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	494,092	(794,513)	(300,421)	-	-
TRANSFERS	<u>(525,428)</u>	<u>525,428</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN (OUT) OVER EXPENDITURES	(31,336)	(269,085)	(300,421)	300,421	-
CHANGE IN NET POSITION	-	-	-	542,500	542,500
FUND BALANCES / NET POSITION					
BEGINNING OF THE YEAR	<u>1,939,912</u>	<u>269,085</u>	<u>2,208,997</u>	<u>6,741,792</u>	<u>8,950,789</u>
FUND BALANCES / NET POSITION					
END OF THE YEAR	<u>\$ 1,908,576</u>	<u>\$ -</u>	<u>\$ 1,908,576</u>	<u>\$ 7,584,713</u>	<u>\$ 9,493,289</u>

The accompanying notes are an integral part of the financial statements.

BAREFOOT BAY RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Barefoot Bay Recreation District (the “District”) is a special independent taxing district created by Ordinance Number 84-05 of the Board of County Commissioners of Brevard County, Florida, on January 12, 1984, in accordance with Sections 34 through 38 of Chapter 83-204, Laws of Florida, under the authority granted by Section 418.30, Florida Statutes. The District was established to acquire, operate, and maintain the facilities of the mobile home recreation park.

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

The accompanying financial statements present the financial position and results of operations of the applicable funds controlled by or dependent upon the District. In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financially accountable and, as such, would be includable within the District’s financial statements. No component units exist which would require inclusion in the District’s financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of interfund activity has been eliminated from these statements. The District only has governmental activity and does not engage in any business-type activity. Direct expenses are those that are clearly identifiable with a specific function or segment. General revenues include ad valorem taxes and interest income. Fund financial statements are presented for the District’s general and debt service funds. Both of these funds are considered to be major funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segments, 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Maintenance assessments, golf membership fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on long-term general obligation debt of governmental funds.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted resources, the District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

Budgetary Information

An annual budget is prepared for both funds of the District. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles. The Board of Trustees adopts a budget resolution on or before July 1 to fix the amount of the assessment and maintenance fee needed for the operation of the District for the next ensuing fiscal year.

The budgets, as adopted, may only be amended through formal approval (resolution) by the Board of Trustees. Budget transfers that do not either increase or decrease the amount of a fund or department within the General Fund will be recommended by the Finance Manager and approved by the Community Manager without formal approval by the Board of Trustees. Any revisions that increase the total appropriations of the District must be approved by the Board of Trustees. Annual budget appropriations lapse at the end of each fiscal year.

Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and investments in the State Board of Administration Florida PRIME (Florida PRIME). Florida Statutes require the District to deposit public funds in qualified public depositories. Cash deposits as of September 30, 2017, are insured by federal depository insurance and the Public Depository Trust Fund.

Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the General Fund and Debt Service Fund are reported in the government-wide financial statements as “interfund balances.”

Inventories and Prepaids

Inventories are stated at cost (first-in, first-out method). Inventories of governmental funds are accounted for under the consumption method. Prepaids represent payments made to vendors for services that will benefit beyond September 30, 2017. These payments are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets include property, property improvements, equipment, and software. Capital assets purchased in the General Fund are recorded as expenditures at the time of purchase. Gifts or contributions are recorded at acquisition value at the time received. It is the policy of the District to capitalize property, improvements, equipment and software over \$2,000. Capital assets are depreciated or amortized using the straight-line method over the estimated useful lives of the various classes of capital assets, which ranges from 5 - 40 years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Compensated Absences

The District records the vested portion of accumulated, unused compensated absences at year-end based on each employee's unused hours and rate of pay, including the District's share of payroll taxes. All compensated absences are accrued when incurred in the government-wide financial statements as accrued liabilities. A liability for these amounts is reported in governmental funds only if they have matured (for example, as a result of employee resignations or retirements).

Unearned Revenue

Unearned revenue at September 30, 2017, consists primarily of unredeemed golf club gift certificates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Inflows of Resources

Deferred inflows of resources at September 30, 2017 consists primarily of grant revenues that were earned by meeting grant requirements, but unavailable in accordance with the District's revenue recognition policy.

Fund Balance

In accordance with Accounting Standards, the District classified governmental fund balances as follows:

Nonspendable Fund Balance - represents fund balance that is (a) not in a spendable form, such as prepaid items and inventories, or (b) legally or contractually required to be maintained intact, such as an endowment. There was \$129,249 nonspendable fund balance at September 30, 2017.

Restricted Fund Balance - consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources. There was no restricted fund balance at September 30, 2017.

Committed Fund Balance - self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined by a formal action of the Board of Trustees, which is the highest level of decision-making authority, and that require the same level of formal action to remove the constraint. The Board of Trustees can establish, modify or rescind committed fund balance through the formal approval of a resolution. There was \$322,420 committed fund balance at September 30, 2017 for capital projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Fund Balance (Continued)

Assigned Fund Balance - amounts that are subject to a purpose constraint that represents an intended use established by the Board of Trustees or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. Formal action is *not* necessary to impose, remove, or modify a constraint in Assigned Fund Balance. Additionally, this category could be used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget. The Board has not formally appointed anyone with the authority to assign fund balance. There was no assigned fund balance at September 30, 2017.

Unassigned Fund Balance - represents the residual classification or fund balance and includes all spendable amounts not contained within the other classifications of the General Fund. There was \$1,456,907 unassigned fund balance at September 30, 2017.

Minimum Fund Balance Policy – On June 28, 2016, the Board of Trustees approved Resolution 2016-11 that established the District's minimum unassigned fund balance policy for the General Fund. The District shall establish a minimum unassigned fund balance equivalent to twenty percent (20%) of the subsequent fiscal year's budgeted expenditures, less amounts needed for repairs and maintenance, capital outlays, and transfers out.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Adjustments were made to include capital assets (net of accumulated depreciation), long-term liabilities, and accrued interest on the statement of net position. This resulted in a net difference between ending governmental fund balances and total net position of \$7,584,713. Interfund payables and receivables were also eliminated.

Ending governmental fund balances	\$ 1,908,576
Capital assets, net	7,753,785
Unavailable earned revenue	129,089
Assets held for resale	4,330
Long-term liabilities	(302,491)
Total net position	<u>\$ 9,493,289</u>

Adjustments were made to include depreciation and amortization expense; record the increase in long-term compensated absences, other postemployment benefits, and accrued interest; and eliminate capital outlay expenditures and long-term debt principal expenditures on the statement of activities. This resulted in a net difference between "excess (deficiency) of revenues and transfers in over (under) expenditures and transfers out" and "change in net position" of \$842,921.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND
FUND FINANCIAL STATEMENTS (Continued)**

Excess of revenues and transfers in over expenditures and transfers out	\$ (300,421)
Less: Depreciation expense	(408,419)
Change in other long-term liabilities	(5,333)
Change in estimate of grants	(69,133)
Loss on disposal of capital assets	(2,086)
Add: Capital outlay expenditures	506,678
Change in accrued interest	34,810
Long-term debt principal expenditures	786,404
	<hr/>
Change in net position	\$ 542,500
	<hr/>

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At September 30, 2017, the carrying value of demand deposits, amounted to \$1,361,397, and the bank balance was \$1,499,551. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida.

Funds invested with the SBA Florida PRIME are fully secured by Government Securities, as required by Florida Statutes, Chapter 215.47. The Florida PRIME pool shares are reported at amortized cost and meet the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost.

There are no limitations or restrictions on withdrawals from the Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the fund's executive director may limit contributions to, or withdrawals from, the trust fund for a period of 48 hours. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Florida PRIME.

The District's balance in the Florida PRIME at September 30, 2017 was \$557,198. The Florida PRIME had a dollar weighted average days to maturity ("WAM") of 51 days as of September 30, 2017. Next interest rate reset dates are used in the calculation of the WAM.

Interest Rate Risk - To mitigate interest rate risk, the District's investment policy requires that the investment portfolio structure maturities to meet the District's cash needs for ongoing operations and that operating funds be invested primarily in short-term securities.

Credit Risk - To mitigate credit risk, the District's investment policy limits the minimum credit quality of investments, as rated by nationally recognized statistical rating organizations ("NRSROs"). The District primarily invests in the Florida PRIME. The Florida PRIME's rating at September 30, 2017, was AAAM with Standard & Poor's.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**Deposits and Investments (Continued)**

Concentration of Credit Risk - To mitigate concentration of credit risk, the District diversifies its investments to an extent that is practical given the safety of investments and associated return, in compliance with its investment policy.

Interfund Transfers

The composition of interfund transfers as of September 30, 2017, was as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Debt Service	General Fund	<u>\$525,428</u>

Transfers are used to move revenues from the fund with collection authorization to the Debt Service Fund, as debt service principal and interest payments become due.

Accounts Receivable

Receivables as of year-end for the District's General Fund amounted to \$292,018, less an allowance for uncollectible accounts of \$(204,298). This primarily includes amounts for prior billed assessments and current DOR enforcement fees.

Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,292,933	\$ -	\$ -	\$ 4,292,933
Construction in progress	<u>108,203</u>	<u>377,059</u>	<u>(64,953)</u>	<u>420,309</u>
Total capital assets not being depreciated	4,401,136	377,059	(64,953)	4,713,242
Capital assets being depreciated and amortized:				
Buildings and improvements	8,668,727	44,532	(5,215)	8,708,044
Software	28,845	-	-	28,845
Machinery, furniture and equipment	<u>1,011,332</u>	<u>150,040</u>	<u>(33,033)</u>	<u>1,128,339</u>
Total capital assets being depreciated	9,708,904	194,572	(38,248)	9,865,228
Less accumulated depreciation and amortization for:				
Buildings and improvements	5,683,752	325,561	(3,129)	6,006,184
Software	28,845	-	-	28,845
Machinery, furniture and equipment	<u>739,831</u>	<u>82,858</u>	<u>(33,033)</u>	<u>789,656</u>
Total accumulated depreciation and amortization	<u>6,452,428</u>	<u>408,419</u>	<u>(36,162)</u>	<u>6,824,685</u>
Governmental activities capital assets, net	<u>\$ 7,657,612</u>	<u>\$ 163,212</u>	<u>\$ (67,039)</u>	<u>\$ 7,753,785</u>

Depreciation and amortization expense for governmental activities was not allocated to the functions of the District for fiscal year ended September 30, 2017.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**Long-Term Liabilities*****Changes in Long-Term Liabilities***

Changes in long-term liabilities for the year ended September 30, 2017, consists of the following:

<u>Description</u>	<u>2016 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2017 Balance</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
<u>Governmental Activities</u>						
Revenue Bonds Payable, Series 1996A	\$ 695,893	\$ -	\$ (695,893)	\$ -	\$ -	\$ -
Revenue Bonds Payable, Series 2001	58,769	-	(58,769)	-	-	-
Interest Rate Swap	26,760	-	(26,760)	-	-	-
Loan Payable	159,727	-	(31,742)	127,985	32,421	95,564
Other Postemployment Benefits	65,166	-	(7,672)	57,494	-	57,494
Compensated Absences	104,008	61,547	(48,543)	117,012	35,104	81,908
	<u>\$ 1,110,323</u>	<u>\$ 61,547</u>	<u>\$ (869,379)</u>	<u>\$ 302,491</u>	<u>\$ 67,525</u>	<u>\$ 234,966</u>

Outstanding long-term debt consists of the following at September 30, 2017:

Governmental Activities:

Capital Bank Loan due monthly to 2021, in annual amounts ranging from \$28,660 to \$33,800; with fixed interest rate at 2.06%. \$ 127,985

The Capital Bank loan was acquired in 2016 to fund stormwater improvement projects and the purchase of equipment needed for that project. The loan has no pledge of specific revenues or assessments and has a maturity date of July 26, 2021.

Debt Service Requirements on Outstanding Debt

The annual requirements to pay principal and interest (estimated) on the outstanding loan at September 30, 2017 to maturity are as follows:

<u>Year Ending</u>	<u>Capital Bank Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 32,421	\$ 2,363
2019	33,104	1,679
2020	33,800	984
2021	28,660	274
	<u>\$ 127,985</u>	<u>\$ 5,300</u>

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**Property Held for Lease**

The District is the lessor of commercial real estate under operating leases expiring in various years through September 2021. Leasing activities and related assets and liabilities are accounted for in the General Fund. Leased property as of September 30, 2017 is summarized as follows:

Land	\$ 217,123
Buildings and improvements	909,713
	<u>1,126,836</u>
Less accumulated depreciation	<u>(573,750)</u>
	<u>\$ 553,086</u>

Minimum future rentals to be received on noncancelable leases as of September 30, 2017 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 76,945
2019	71,354
2020	55,508
2021	36,585
2022	<u>19,355</u>
Total	<u>\$ 259,747</u>

Minimum future rentals do not include amounts to be received for common area maintenance or real estate taxes under certain leases. Amounts received for rent and such additional charges were \$84,471 for fiscal year 2017.

Other Postemployment Benefits**Plan Description**

The District has implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment healthcare and life insurance benefits provided by the District.

The Other Postemployment Benefit Plan (“OPEB Plan”) is a single-employer benefit plan administered by the District. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger, active employees and older, retired employees. Since the older retirees actually have higher costs, it means that the District is actually subsidizing the cost of the retiree coverage because it pays a significant portion of that premium on behalf of the active employees. GASB No. 45 calls this the “implicit rate subsidy.”

Retirees and their dependents are permitted to remain covered under the District’s respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. This conforms to the minimum required of Florida governmental employers per Ch. 112.08, F.S. The OPEB Plan does not issue a stand-alone report.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**Other Postemployment Benefits (Continued)****Funding Policy**

For the OPEB Plan, contribution requirements of the District are established and may be amended through action of the District Board. Currently, there are 20 active participants and no retirees. The District's OPEB benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no trust fund or equivalent arrangement into which the District would make contributions to advance-fund the obligation. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the District, which are invested in short-term investments in accordance with the investment policy and described previously. The interest rate used to calculate the present values and costs of OPEB must be the long-range expected return on those investments. The District selected an interest rate of 4% for this purpose.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's net obligation to the OPEB Plan:

	2017
	<u>Fiscal Year</u>
Normal Cost (service cost for one year)	\$ 2,311
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	(5,956)
Interest on Normal Cost and Amortization	-
Annual Required Contribution (ARC)	(3,645)
As a percentage of covered payroll	0.60%
Annual Required Contribution (ARC)	(3,645)
Interest on Net OPEB Obligation	2,607
Adjustment to ARC	(6,517)
Annual OPEB Cost (Expense)	(7,555)
Less: Employer Contributions Made	117
Increase (Decrease) in Net OPEB Obligation	(7,672)
Net OPEB Obligation at beginning of year	65,166
Net OPEB Obligation at end of year	<u>\$ 57,494</u>

The District's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation for this year and the previous two years were as follows:

<u>Year Ended</u>	<u>Annual</u>	<u>District</u>	<u>Percentage</u>	<u>Net OPEB</u>
<u>September 30</u>	<u>OPEB Cost</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Obligation</u>
2017	\$ (7,555)	\$ 117	N/A	\$ 57,494
2016	\$ (8,114)	\$ 32	N/A	\$ 65,166
2015	\$ (5,873)	\$ 68	N/A	\$ 73,312

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Other Postemployment Benefits (Continued)

Funded Status and Funding Progress

As of October 1, 2015, the date of the last actuarial valuation, the OPEB Plan was unfunded. The actuarial accrued liability (“AAL”) for benefits was \$20,964. Assets of the OPEB Plan are valued at market; however, the current value is \$-0-, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$20,964. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$605,844. The ratio of the UAAL to the covered payroll was 3.46%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections for benefits for financial reporting purposes are based on the substantive plan, and include the types of benefits provided at the time of the calculation and based on the pattern of sharing of costs between the employer and plan members to that point. Amounts determined regarding the funded status of the OPEB Plan and the ARC are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL.

Methods and Assumptions

UAAL and the annual OPEB cost have a tendency to grow from one valuation to another; however, both the annual OPEB cost and the UAAL decreased in comparison to the prior calculation, which was performed using the alternative measurement method. Some factors that contributed to the changes were decreased number of active employees, and modifications to assumptions for medical cost trends and retiree medical coverage. The effects from provisions in the Affordable Care Act were also examined in this valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included a payroll growth rate of 4%, inflation rate of 2.5%, investment return of 4%, and healthcare inflation of 9%, adjusted annually to an ultimate rate of 4.7% in 2040. The remaining amortization period at September 30, 2017, was 9 years. The normal entry age actuarial cost method was used, with amortization of the UAAL as a level percent of expected payroll (closed over 10 years).

Employee Defined Contribution Plan

The District allows full-time employees to participate in a 401(a) qualified retirement plan administered by ICMA Retirement Corporation. Contributions to the plan are made on a pre-tax basis. Benefit terms, including contribution requirements, are established and amended by the Board. For each participating employee, the District contributes 3% of annual compensation, and employees contribute 3% of annual compensation. For the year ended September 30, 2017, the District recognized pension expense of \$15,644. Employee contributions to the 401(a) plan were \$20,249 for the year ended September 30, 2017.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Section 457, Internal Revenue Code. The plan, which is available to all full-time employees through ICMA, permits employees to defer a portion of their salary until future years. Employee contributions to the 457 plan for the fiscal year ended September 30, 2017 were \$16,033.

NOTE 4 - OTHER INFORMATION

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. To limit its exposure to these risks, the District purchases coverage for general liability, auto liability, and property insurance from Preferred Governmental Insurance Trust and other third-party insurance carriers. Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. Premiums paid by the District during the year ended September 30, 2017 totaled \$150,430. The District also pays premiums for workers' compensation insurance to Preferred Governmental Insurance Trust. Premiums paid for this coverage totaled \$71,817 for the year ended September 30, 2017.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Litigation

Various lawsuits and claims in the ordinary course of the District's operations are pending. The District is also party to litigation under which it may be required to pay certain monies upon the decision of the courts. However, it is the opinion of the District's attorney that the potential amount of the District's liability in these matters cannot be determined. Accordingly, no provision has been made in the basic financial statements for these contingencies.

REQUIRED SUPPLEMENTARY INFORMATION

BAREFOOT BAY RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Assessments	\$ 3,528,205	\$ 3,528,205	\$ 3,530,317	\$ 2,112
Charges for services	2,070,312	2,074,612	2,017,624	(56,988)
Investment income	3,500	3,500	16,163	12,663
Other	280,437	280,437	285,914	5,477
TOTAL REVENUES	5,882,454	5,886,754	5,850,018	(36,736)
EXPENDITURES / EXPENSES				
General Government	5,094,899	5,249,383	4,814,465	434,918
Debt Service				
Principal	-	31,779	31,742	37
Interest	-	3,671	3,041	630
Capital outlay	472,500	545,445	506,678	38,767
TOTAL EXPENDITURES / EXPENSES	5,567,399	5,830,278	5,355,926	474,352
EXCESS OF REVENUES OVER EXPENDITURES	315,055	56,476	494,092	437,616
OTHER FINANCING SOURCES AND (USES)				
Transfers	(430,000)	(430,000)	(525,428)	(95,428)
Fund Balance appropriated	114,945	373,524	-	(373,524)
TOTAL OTHER FINANCING SOURCES AND (USES)	(315,055)	(56,476)	(525,428)	(468,952)
EXCESS OF REVENUES AND TRANSFERS IN OVER EXPENDITURES (OUT)	-	-	(31,336)	(31,336)
FUND BALANCES -				
BEGINNING OF THE YEAR	-	-	1,939,912	1,939,912
FUND BALANCES -				
END OF THE YEAR	\$ -	\$ -	\$ 1,908,576	\$ 1,908,576

**BAREFOOT BAY RECREATION DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Alternative Measurement Method Calculation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
9/30/2012	\$ -	\$ 99,019	\$ 99,019	0.00%	\$ 616,094	16.07%
10/1/2013	\$ -	\$ 26,955	\$ 26,955	0.00%	\$ 598,713	4.50%
10/1/2015	\$ -	\$ 20,964	\$ 20,964	0.00%	\$ 605,844	3.46%

**BAREFOOT BAY RECREATION DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Year Ended September 30	Annual Required Contribution	Annual OPEB Cost	District Contribution	Percentage Contributed	Net OPEB Obligation
2015	\$ (1,118)	\$ (5,873)	\$ 68	N/A	\$ 73,312
2016	\$ (3,715)	\$ (8,114)	\$ 32	N/A	\$ 65,166
2017	\$ (3,645)	\$ (7,555)	\$ 117	N/A	\$ 57,494

COMPLIANCE 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 *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Barefoot Bay Recreation District
Barefoot Bay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of governmental activities, and each major fund of Barefoot Bay Recreation District, Florida (the "District") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 22, 2018.

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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 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 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.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 22, 2018



INDEPENDENT ACCOUNTANT'S REPORT

Board of Trustees
Barefoot Bay Recreation District
Barefoot Bay, Florida

We have examined Barefoot Bay Recreation District, Florida's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied with those requirements. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2017.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 22, 2018



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Trustees
Barefoot Bay Recreation District
Barefoot Bay, Florida

Report on the Financial Statements

We have audited the financial statements of Barefoot Bay Recreation District, Florida (the "District") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated February 22, 2018.

Auditor's Responsibility

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

Other Reports

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 Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports which are dated February 22, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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 legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *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.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., *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.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Auditor General, federal and other granting agencies, the Board of Trustees, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 22, 2018