BAREFOOT BAY RECREATION DISTRICT, FLORIDA

Annual Financial Report

Year Ended September 30, 2015

BAREFOOT BAY RECREATION DISTRICT

Board of Trustees as of September 30, 2015

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MOORE STEPHENS LOVELACE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2015, 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 above 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, 2015, 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.

Board of Trustees
Barefoot Bay Recreation District

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 January 26, 2016, 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
January 26, 2016

BAREFOOT BAY RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended September 30, 2015

As management of the Barefoot Bay Recreation District (the "BBRD"), we offer readers of the BBRD's financial statements this overview and analysis of financial activities of the BBRD for the fiscal year ended September 30, 2015. 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 and deferred outflows of the BBRD exceeded its liabilities at the close of fiscal year 2015 by $8,378,545 (net position). Of this amount, $1,528,438 (unrestricted net position) may be used to meet the BBRD's ongoing obligations to citizens and creditors.

- The BBRD's total net position increased by $514,464. The majority of this increase is attributable to the reclassification of principal debt payments and capital outlay.

- As of September 30, 2015, the BBRD's governmental funds reported combined ending fund balances of $2,059,374, an increase of $75,046 in comparison with the prior year. Approximately 48% or $993,114 this amount is available for spending at the BBRD's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance in the General Fund was $993,114 or 21% of General Fund expenditures for fiscal year 2015.

- The BBRD's long-term debt decreased by $658,165 in fiscal year 2015 as we continue to make our scheduled payment each year, and no additional long-term debt has been added beyond the original bonds issued for the purchase of the facilities.

Overview of the Financial Statements

The *organization-wide and fund financial statements* are combined for this annual report, as all activities of the BBRD are governmental activities. The report consists of the organization-wide and fund financial statements, notes to the financial statements, and required supplementary information. The statements are designed to provide readers with a broad overview of the BBRD'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 BBRD'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 BBRD.

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* presents information showing how the BBRD's net position changed during the most recent fiscal year. On the organization-wide statements, the BBRD 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 (UNAUDITED)

Year Ended September 30, 2015

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 BBRD 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 BBRD, assets and deferred outflow exceeded liabilities by $8,378,545 at the close of the fiscal year ended September 30, 2015.

As shown in the table below, the largest portion of the BBRD's net position (76%) 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 BBRD uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the BBRD'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.

An additional portion ($479,867) of the BBRD's net position (6%) represents restricted net position for debt service that is subject to external restrictions on how it may be used. The remaining balance of unrestricted net position ($1,528,438) is available to meet the BBRD's obligations to citizens.

At the close of the fiscal year ended September 30, 2015, there was an increase of $514,464 in total net position from the prior year. The largest increase occurred in the net investment in capital assets from $6.0 million to $6.3 million mostly due to the beach crossover, pool 2 pavers, pool 3 pit replacement, and new hurricane doors at building A projects, along with the current-year bond payment.

BBRD's Net Position

ASSETS	**FY 15**	**FY 14**
Current and Other Assets	$ 2,495,618	$ 2,511,078
Capital Assets, Net	7,822,964	8,127,446
Total Assets	10,318,582	10,638,524
DEFERRED OUTFLOW		
Deferred Swap Outflow	84,950	162,792
LIABILITIES		
Current and Other Liabilities	315,637	471,380
Long-Term Liabilities	1,709,350	2,465,855
Total Liabilities	2,024,987	2,937,235
NET POSITION		
Net Investment in Capital Assets	6,370,240	6,016,557
Restricted in Debt Service	479,867	460,778
Unrestricted	1,528,438	1,386,746
Total Net Position	$ 8,378,545	$ 7,864,081

There was an overall increase in the BBRD's net position of $514,464 in fiscal year 2015. The majority of this increase is due to the reclassification of principal debt payments.

BBRD's Changes in Net Position

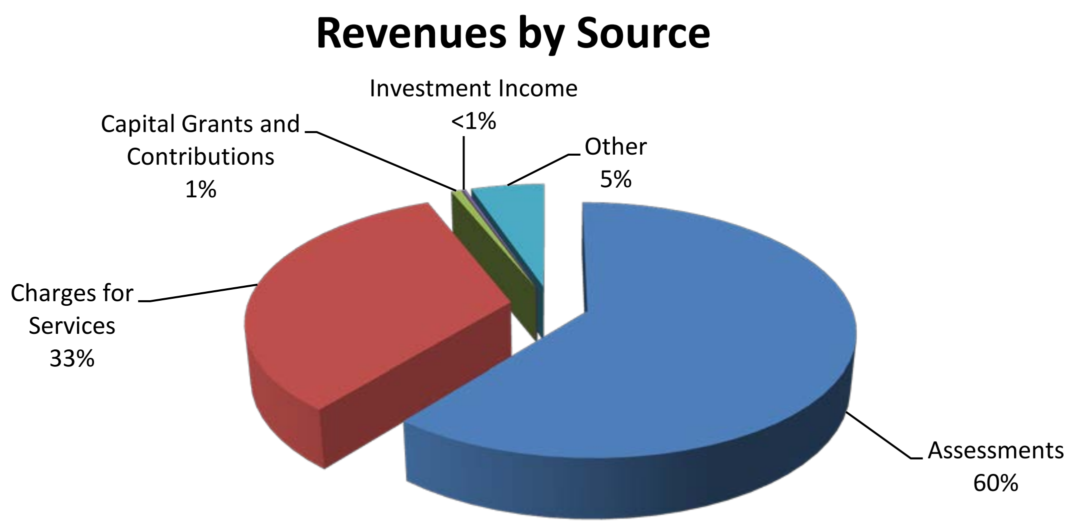
Revenues	**FY 15**	**FY 14**
Program Revenues		
Assessments	$ 3,365,491	$ 3,349,638
Charges for Services	1,823,948	1,633,956
Capital Grants and Contributions	38,955	104,350
General Revenues		
Investment Income	14,618	2,356
Other	288,525	304,448
Total Revenues	5,531,537	5,394,748
Expenses		
General Government	4,921,822	4,922,219
Interest on Long-Term Debt	95,251	133,973
Total Expenses	5,017,073	5,056,192
Change in Net Position	514,464	338,556
Net Position – Beginning	7,864,081	7,525,525
Net Position – Ending	$ 8,378,545	$ 7,864,081

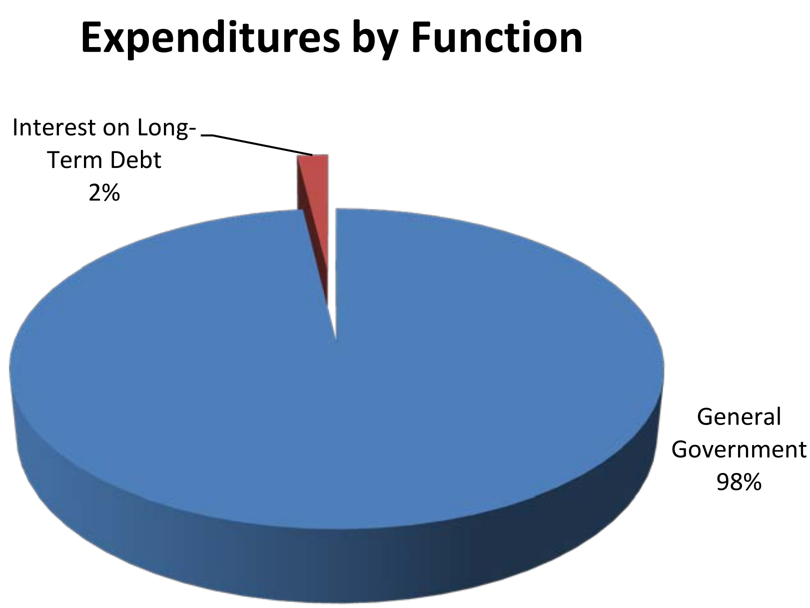
As mentioned previously, governmental activities increased the BBRD's net position by $514,464 and it was an increase of 52% in comparison with the prior year. Key elements of this change are as follows:

- Charges for Services revenues increased by 12% ($189,992) from the prior year. This change indicates an increase in numbers of residents using our facilities and services in fiscal year 2015.

- Capital Grants and Contributions revenues decreased by 63% ($65,395) as compared with the prior year. A significant reason for this change is the decrease of expenditures in FY15 Grants projects, which will be submitted for reimbursement in fiscal year 2016.

The revenues by source and expenditures by function for BBRD are displayed in the following graphs:





Financial Analysis of the BBRD's Funds

As noted earlier, the BBRD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the BBRD's governmental funds is to provide information on near-term inflows, outflows, and balance of *spendable* resources. Such information is useful in assessing the BBRD'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 2015, the BBRD's governmental funds reported combined ending fund balances of $2,059,374, an increase of $75,046 in comparison with the prior year. Approximately 48% ($993,114) 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, restricted or committed* to indicate that it is not available for new spending because it is 1) obligated for inventory and prepaids ($54,869), 2) restricted for debt service ($479,867), 3) committed for capital improvement projects ($83,015) or 4) committed for the purpose of unanticipated emergencies or other unplanned financial obligations or stabilizing the delivery of the District's services during the period of operational budget deficits ($448,509).

The *General Fund* is the operating fund of the BBRD, and is considered a major fund for financial reporting. At the end of fiscal year 2015, unassigned fund balance was $993,114, while the total fund balance reached $1,579,507. 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 21% of total fiscal year 2015 General Fund expenditures. Total fund balance represents 34% of total fiscal year 2015 General Fund expenditures.

The total fund balance of the BBRD's General Fund increased during the fiscal year ended 2015 by $55,957. This increase was due to the increase in usage of the services provided by the BBRD.

The *Debt Service Fund* is a major fund of the BBRD. At the end of fiscal year 2015, the fund balance of $479,867 was restricted for future debt service. The fund balance increased by $19,089 from the prior year as a result of transfers in that were greater than the total debt service in the current year.

General Fund Budgetary Highlights

The General Fund original budget was adjusted during the fiscal year ended 2015. The end-of-year budgeted expenditures increased by $357,505 primarily for additional capital outlay projects not completed in the prior year. The General Fund actual expenditures were less than the final budget by $197,904. This was mostly attributed to capital projects not completed during the year.

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

	Actual Amount	Final Budget Amount	Variance
EXPENDITURES			
General Government	$ 4,427,760	$ 4,457,642	$ 29,882
Capital outlay	210,078	378,100	168,022
Total	$ 4,637,838	$ 4,835,742	$ 197,904
REVENUES			
Assessments	$ 3,365,491	$ 3,344,076	$ 21,415
Charges for services	1,823,948	1,660,517	163,431
Investment income	11,755	3,000	8,755
Other	292,601	270,644	21,957
Total	$ 5,493,795	$ 5,278,237	$ 215,558

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 BBRD is directly responsible for, which consists of all the common areas and recreational facilities regarded as amenities by the residents.

The BBRD's investment in capital assets for its governmental activities as of September 30, 2015 amounts to $7,822,964 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, and construction in progress. The total decrease in the BBRD's investment in capital assets (net of accumulated depreciation/amortization) for the current fiscal year was 3.75%.

The following table presents the capital assets of the BBRD at September 30, 2015:

	Governmental Activities	
	FY 15	FY 14
Land	$ 4,292,933	$ 4,292,933
Construction in Progress	52,597	55,658
Buildings and Improvements	8,583,830	8,429,407
Software	28,845	28,845
Machinery, Furniture and Equipment	1,292,280	1,368,269
	14,250,485	14,175,112
Less Accumulated Depreciation and Amortization	(6,427,521)	(6,047,665)
Capital Assets, net	$ 7,822,964	$ 8,127,447

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

- Completed pool 2 pavers project in the amount of $29,423
- Closed out on the beach project in the amount of $58,412
- Closed out on the building A storm doors in the amount of $27,010
- Purchase of a pickup truck in the amount of $16,552
- Continued pool 3 pit replacement project in the amount of $26,800

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

Long-term debt. At the end of the current fiscal year, the BBRD had total bonds payable of $1,452,724. Of this amount, $1,351,467 represents Revenue Bonds Payable, Series 1996A and $101,257 represents Revenue Bonds Payable, Series 2001.

The BBRD's total bonds payable decreased 31% as the BBRD continues to pay for bonds issued for the purchase of facilities from Avatar and the golf course irrigation system. The following table presents the outstanding bond principal of the BBRD at September 30, 2015:

	Governmental Activities	
	FY 15	**FY 14**
Revenue Bonds Payable, Series 1996A	$ 1,351,467	$ 1,969,060
Revenue Bonds Payable, Series 2001	101,257	141,829
Total Bonds Payable	$ 1,452,724	$ 2,110,889

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

Economic Factors and Next Year's Budget and Rates

For fiscal year 2016, the Board adopted Resolution 2015-13 on June 23, 2015 BOT meeting to increase annual assessment fee from $684 to $720 for each improved residential lot within the BBRD because of the increase in labor costs, liability insurance, workers' compensation insurance and other operating expenditures.

Request for Information

The financial report is designed to present users with a general overview of the BBRD's finances and to demonstrate the BBRD's accountability. If you have any questions concerning any of the information provided in this report or need additional financial information, contact the BBRD'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.bbrd.org.

BASIC FINANCIAL STATEMENTS

BAREFOOT BAY RECREATION DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEETS

September 30, 2015

	General Fund	Debt Service Fund	Total	Adjustments (Note 2)	Statement of Net Position
ASSETS					
Cash and cash equivalents	$ 1,717,507	$ -	$ 1,717,507	$ -	$ 1,717,507
Restricted cash and cash equivalents	-	479,867	479,867	-	479,867
Receivables, net	53,047	-	53,047	-	53,047
Due from other governments	183,500	-	183,500	-	183,500
Inventories	47,241	-	47,241	-	47,241
Prepaids	7,628	-	7,628	-	7,628
Assets for resale	-	-	-	6,828	6,828
Property, plant and equipment, net	-	-	-	7,822,964	7,822,964
TOTAL ASSETS	$ 2,008,923	$ 479,867	$ 2,488,790	7,829,792	10,318,582
DEFERRED OUTFLOWS					
Deferred Swap Outflow				84,950	84,950
TOTAL DEFERRED OUTFLOWS				84,950	84,950
LIABILITIES					
Accounts payable	$ 117,802	$ -	$ 117,802	-	117,802
Accrued payroll and related liabilities	45,354	-	45,354	-	45,354
Accrued expenses, other	15,337	-	15,337	67,007	82,344
Due to other governments	39,248	-	39,248	-	39,248
Unearned revenue	13,115	-	13,115	-	13,115
Escrow deposits	17,774	-	17,774	-	17,774
Noncurrent liabilities:					
Due within one year	-	-	-	727,571	727,571
Due in more than one year	-	-	-	981,779	981,779
TOTAL LIABILITIES	248,630	-	248,630	1,776,357	2,024,987
DEFERRED INFLOWS					
Unavailable earned grants	180,786	-	180,786	(180,786)	-
TOTAL DEFERRED INFLOWS	180,786	-	180,786	(180,786)	-
FUND BALANCES / NET POSITION					
FUND BALANCES:					
Nonspendable for inventories and prepaids	54,869	-	54,869	(54,869)	-
Restricted for debt service	-	479,867	479,867	(479,867)	-
Committed Fund Balance - Capital	83,015	-	83,015	(83,015)	-
Committed Fund Balance - Reserve	448,509	-	448,509	(448,509)	-
Unassigned	993,114	-	993,114	(993,114)	-
TOTAL FUND BALANCES	1,579,507	479,867	2,059,374	(2,059,374)	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 2,008,923	$ 479,867	$ 2,488,790		
NET POSITION					
Net investment in capital assets				6,370,240	6,370,240
Restricted for:					
Debt service				479,867	479,867
Unrestricted				1,528,438	1,528,438
TOTAL NET POSITION				$ 8,378,545	$ 8,378,545

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, 2015

	General Fund	Debt Service Fund	Total	Adjustments (Note 2)	Statement of Activities
REVENUES					
Assessments	$ 3,365,491	$ -	$ 3,365,491	$ -	$ 3,365,491
Charges for services	1,823,948	-	1,823,948	-	1,823,948
Capital grants and contributions	-	-	-	38,955	38,955
Investment income	11,755	2,863	14,618	-	14,618
Other	292,601	-	292,601	(4,076)	288,525
TOTAL REVENUES	5,493,795	2,863	5,496,658	34,879	5,531,537
EXPENDITURES / EXPENSES					
General Government/Recreation	4,427,760	-	4,427,760	(18,395)	4,409,365
Debt Service:					
Principal	-	658,165	658,165	(658,165)	-
Interest	-	125,609	125,609	(30,358)	95,251
Depreciation	-	-	-	512,457	512,457
Capital outlay	210,078	-	210,078	(210,078)	-
TOTAL EXPENDITURES / EXPENSES	4,637,838	783,774	5,421,612	(404,539)	5,017,073
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	855,957	(780,911)	75,046	-	-
TRANSFERS	(800,000)	800,000	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN (OUT) OVER EXPENDITURES	55,957	19,089	75,046	(75,046)	-
CHANGE IN NET POSITION	-	-	-	514,464	514,464
FUND BALANCES / NET POSITION BEGINNING OF THE YEAR	1,523,550	460,778	1,984,328	5,879,753	7,864,081
FUND BALANCES / NET POSITION END OF THE YEAR	$ 1,579,507	$ 479,867	$ 2,059,374	$ 6,319,171	$ 8,378,545

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The 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 includible 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 inter-fund activity has been eliminated from these statements. The District only has governmental activity and does not engage in any business-type activities. 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.*

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:

<u>General Fund</u> - 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.

<u>Debt Service Fund</u> - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the 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.

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, 2015, 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, 2015. 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 fair market value at the time received. It is the policy of the District to capitalize property, improvements, equipment and software $2,000 and over. 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)*

Deferred Outflows

Deferred outflows at September 30, 2015, consists primarily of the Swap Fair Values of BBRD Public Improvement Revenue Bond, Series 1996A.

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, 2015, consists primarily of unredeemed golf club gift certificates.

Deferred Inflows

Deferred inflows at September 30, 2015, consists primarily of grant revenues that were earned by meeting grant requirements, but unavailable in accordance with the District's revenue recognition policy.

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. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 a $54,869 nonspendable fund balance at September 30, 2015.

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 a $479,867 restricted fund balance for debt service at September 30, 2015.

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

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

Fund Balance (Continued)

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 were $83,015 committed fund balance for capital improvement projects and $448,509 committed fund balance for reserve purposes at September 30, 2015.

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, 2015.

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 a $993,114 unassigned fund balance at September 30, 2015.

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 $6,319,171. Interfund payables and receivables were also eliminated.

Ending governmental fund balances	$ 2,059,374
Capital assets, net	7,822,964
Deferred swap outflow	84,950
Unavailable earned revenue	180,786
Assets held for resale	6,828
Long-term liabilities	(1,709,350)
Accrued interest	(67,007)
Total net position	$ 8,378,545

Adjustments were made to include depreciation and amortization expense; record the decrease 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 $439,418.

Excess of revenues and transfers in over expenditures and transfers out		$ 75,046
Less:	Depreciation expense	(512,457)
	Change in other long-term liabilities	20,498
	Unavailable earned grants	38,955
	Loss on disposal of capital assets	(2,103)
	Sales of assets for resale	(4,076)
Add:	Capital outlay expenditures	210,078
	Change in accrued interest	30,358
	Long-term debt principal expenditures	658,165
Change in net position		$ 514,464

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At September 30, 2015, the carrying value of demand deposits, amounted to $856,337, and the bank balance was $852,207. 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.

Deposits and Investments *(Continued)*

Funds invested with the SBA Florida PRIME are fully secured by Government Securities, as required by Florida Statutes, Chapter 215.47. The Florida PRIME is an external 2a7-like investment pool which is presented at share price. All fair market valuations are based on quoted market prices. Florida PRIME pool shares are based on amortized cost, which approximates fair market value, of the Florida PRIME's underlying portfolio. The Florida PRIME is not a registrant with the Securities and Exchange Commission. 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, 2015 was $1,341,037. The Florida PRIME had a dollar weighted average days to maturity (WAM) of 28 days as of September 30, 2015. 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, 2015 was AAAm with Standard & Poor's.

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, 2015 was as follows:

Transfers In	Transfers Out	Amount
Debt Service	General Fund	$800,000

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 $275,216 less an allowance for uncollectible accounts of $(222,169). This primarily includes amounts for prior billed assessments and current DOR enforcement fees.

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

Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$4,292,933	$ -	$ -	$4,292,933
Construction in progress	55,658	111,784	(114,845)	52,597
Total capital assets not being depreciated	4,348,591	111,784	(114,845)	4,345,530
Capital assets being depreciated and amortized:				
Buildings and improvements	8,429,407	159,663	(5,240)	8,583,830
Software	28,845	-	-	28,845
Machinery, furniture and equipment	1,368,269	53,476	(129,465)	1,292,280
Total capital assets being depreciated	9,826,521	213,139	(134,705)	9,904,955
Less accumulated depreciation and amortization for:				
Buildings and improvements	4,827,389	430,967	(4,716)	5,253,640
Software	28,545	300	-	28,845
Machinery, furniture and equipment	1,191,732	81,190	(127,886)	1,145,036
Total accumulated depreciation and amortization	6,047,666	512,457	(132,602)	6,427,521
Governmental activities capital assets, net	$8,127,446	$ (187,534)	$ (116,948)	$7,822,964

Depreciation and amortization expense for governmental activities was not allocated to the functions of the District for fiscal year ended September 30, 2015.

Long-Term Liabilities

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2015 consists of the following:

Description	2014 Balance	Additions	Reductions	2015 Balance	Due Within One Year	Long-Term Portion
Governmental Activities						
Revenue Bonds Payable, Series 1996A	$1,969,060	$ -	$(617,593)	$1,351,467	$655,574	$695,893
Revenue Bonds Payable, Series 2001	141,829	-	(40,572)	101,257	42,488	58,769
Interest Rate Swap	162,792	-	(77,842)	84,950	-	84,950
Other Postemployment Benefits	79,253	-	(5,941)	73,312	-	73,312
Compensated Absences	112,921	-	(14,557)	98,364	29,509	68,855
	$2,465,855	$ -	$(756,505)	$1,709,350	$727,571	$981,779

Long-Term Liabilities *(Continued)*

Changes in Long-Term Liabilities (Continued)

Long-term debt consists of the following at September 30, 2015:

<u>Governmental Activities</u>:	
Public Improvement Revenue Bonds, Series 1996A; due annually to 2017, in amounts ranging from $695,893 to $713,679; including interest at 6.15%.	$1,351,467
Public Improvement Revenue Bond, Series 2001; due in annual installments through December 30, 2016, bearing a variable interest rate of 62.55% of the Bank of America prime rate.	101,257
	$1,452,724

The Public Improvement Revenue Bonds, Series 1996A, ("Bonds") were issued in December 1996 to fund the acquisition of various recreation facilities located within the District and to pay costs of issuing the Bonds. The Bonds are collateralized by a pledge of any and all revenues, fees, and assessments received by the District from the ownership, management, operation or use of properties within the District's boundaries. Amounts required to meet debt service payments on the Bonds are transferred monthly to the Debt Service Fund. Revenues in excess of debt service requirements may be used for general operating purposes.

The Bonds bear an interest rate equal to 62.55% of the Bank of America ("Bondholder") prime rate and may be adjusted to maintain the Bondholder's after-tax yield, if the interest on the Bonds is determined to be taxable for federal income tax purposes and for various changes in tax laws.

Interest Rate Swap

The District is a party to an interest rate swap agreement that is not recorded in the financial statements in accordance with the recently issued GASB Statement No. 53 ("GASB 53"), "Accounting and Financial Reporting for Derivative Instruments." The derivative is to be reported in the Statement of Net Position at fair value, and the hedges must be tested for effectiveness to qualify for hedge accounting. Depending on the test results, the change in fair value is either reported in the Statement of Net Position, or in the Statement of Activities.

The District performed the required test on this swap, and deemed the swap effective and it qualified for hedge accounting. Therefore, the change in fair value of the interest rate swap for this period was reported as a derivative swap liability of ($84,950), offset by a corresponding deferred outflow account in the Statement of Net Position. The option for cancelling this swap is only available to the District and not to the counterparty.

Long-Term Liabilities *(Continued)*

Interest Rate Swap (Continued)

Following are disclosures of key aspects of this agreement:

Objective of the Interest Rate Swap – The District entered into a variable-to-fixed-rate swap agreement for its 1996 Series Public Improvement Revenue Bond, dated October 31, 1996. The objective was to achieve lower borrowing costs, as compared to issuing regular fixed rate bonds at the time, by synthetically fixing interest rates on the note.

Terms – The swap, with a notional amount of $8,400,000, became effective on October 31, 1996. Under the terms of the swap agreement, the District will pay the counterparty a fixed annual interest rate of 6.15%. The District will receive from the counterparty a variable payment based on a floating rate structure from January 31, 1997 through January 31, 2017; the interest rate is based on 62.55% of the Prime Rate based on the Federal Reserve System H.15. The swap had a negative fair value of ($84,950) as of September 30, 2015.

Credit Risk – Should the interest rate on the swap exceed the fixed rate, and the counterparty enters into bankruptcy proceedings, the District may not be able to collect the value of the swap. If there is a terminating event and the interest on the swap is less than the fixed rate, the District may be required to pay the counterparty the negative value of the swap.

Interest Rate Risk – The swap agreement is to fix the interest rate on the variable rate of the bond. As interest rates increase above the value of the swap, the value of the swap increases. As interest rates decrease below the swap interest rate, the value of the swap decreases.

Basis Risk – Basis risk is the risk that the interest rate paid by the District on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable counterparty. The swap does not expose the District to basis risk since the District receives the same percentage of the Prime Rate to offset the variable rate the District pays on its bonds.

Termination Risk – The District has the option to terminate the swap prior to its expiration by paying the remaining balance on the 1996 note. The counterparty may terminate the swap if the District fails to perform under the terms of the contract.

Rollover Risk – The District is exposed to rollover risks on swap if it is terminated prior to the maturity of the associated debt. If this swap is terminated prior to the maturity of the bonds, the District will not realize the synthetic fixed rate offered by the swap on the underlying debt issues.

Notional Amount	Effective Date	Rate Paid	Rate Received	Termination Date	Fair Value	Counterparty	Counterparty Credit Rating
Series 1996							
$ 1,351,467	10/31/1996	6.15%	62.55 % PRIME H.15	1/31/2017	$ (84,950)	Bank of America	Aa2/AA/AA-

Long-Term Liabilities *(Continued)*

Pledged Revenues

The bonds are payable solely from the District's revenues, as discussed above, through 2017. Annual principal and interest payments on the bonds are expected to require approximately 15% of these revenues. The total principal and interest remaining on the bonds, as noted above under Debt Service Requirements, is $1,588,477. Principal and interest paid for the current year and total net revenues from operation of District's properties were $783,773 and $5,496,658, respectively.

Debt Service Requirements on All Outstanding Debt

The annual requirements to pay principal and interest (estimated) on all long-term debt outstanding at September 30, 2015 to maturity are as follows:

	Series 2001		Series 1996A		Total	
Year Ending	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 42,488	$ 6,227	$ 655,574	$ 83,115	$ 698,062	$ 89,342
2017	58,769	3,614	695,893	42,797	754,662	46,411
	$ 101,257	$ 9,841	$ 1,351,467	$ 125,912	$ 1,452,724	$ 135,753

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, 2015, is summarized as follows:

Land	$ 217,123
Buildings and improvements	947,473
	1,164,596
Less accumulated depreciation	(554,087)
	$ 610,509

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

Property Held for Lease *(Continued)*

Minimum future rentals to be received on noncancelable leases as of September 30, 2015 are as follows:

Fiscal Year		Amount
2016		$ 95,600
2017		39,284
2018		36,133
2019		36,133
2020		23,550
2021 and after		19,355
	Total	$250,055

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 $131,961 for fiscal year 2015.

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.

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 22 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 30 years. The following table shows the components of the District's net obligation to the OPEB Plan:

	2015 Fiscal Year
Normal Cost (service cost for one year)	$ 2,815
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	(3,933)
Interest on Normal Cost and Amortization	-
Annual Required Contribution (ARC)	(1,118)
As a percentage of covered payroll	0.02%
Annual Required Contribution (ARC)	(1,118)
Interest on Net OPEB Obligation	3,170
Adjustment to ARC	(7,925)
Annual OPEB Cost (Expense)	(5,873)
Less: Employer Contributions Made	68
Increase (Decrease) in Net OPEB Obligation	(5,941)
Net OPEB Obligation at beginning of year	79,253
Net OPEB Obligation at end of year	$ 73,312

Other Postemployment Benefits *(Continued)*

Annual OPEB Cost and Net OPEB Obligation *(Continued)*

The District's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation were as follows:

Fiscal Year Ended		Annual OPEB Cost		Employer Contributions Toward the OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
9/30/2015	$	(5,873)	$	68	N/A	$	73,312
9/30/2014	$	(6,345)	$	-	0%	$	79,253
9/30/2013	$	16,687	$	-	0%	$	85,598

Funded Status and Funding Progress

As of October 1, 2013, the date of the last actuarial valuation, the OPEB Plan was unfunded. The actuarial accrued liability (AAL) for benefits was $26,955. Assets of the OPEB Plan are valued at market; however, the current value is $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $26,955. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was $598,713. The ratio of the UAAL to the covered payroll was 4.5%.

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

Unfunded accrued liability and the annual OPEB cost have a tendency to grow from one valuation to another; however, both the annual OPEB cost and the unfunded actuarial accrued liability decreased in comparison to the prior year 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.

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

Other Postemployment Benefits *(Continued)*

Methods and Assumptions *(Continued)*

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 3%, investment return of 4%, and healthcare inflation of 4%, adjusted annually to an ultimate rate of 5.47% in 2021. The remaining amortization period at September 30, 2015 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).

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, 2015 totaled $137,726. The District also pays premiums for workers' compensation insurance to the Preferred Governmental Insurance Trust. Premiums paid for this coverage totaled $76,463 for the year ended September 30, 2015.

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, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Assessments	$ 3,344,076	$ 3,344,076	$ 3,365,491	$ 21,415
Charges for services	1,660,517	1,660,517	1,823,948	163,431
Investment income	3,000	3,000	11,755	8,755
Other	270,644	270,644	292,601	21,957
TOTAL REVENUES	5,278,237	5,278,237	5,493,795	215,558
EXPENDITURES / EXPENSES				
General Government	4,242,105	4,457,642	4,427,760	29,882
Capital outlay	236,132	378,100	210,078	168,022
TOTAL EXPENDITURES / EXPENSES	4,478,237	4,835,742	4,637,838	197,904
EXCESS OF REVENUES OVER EXPENDITURES	800,000	442,495	855,957	413,462
OTHER FINANCING SOURCES AND (USES)				
Transfers	(800,000)	(800,000)	(800,000)	-
Fund balance appropriated	-	357,505	-	(357,505)
TOTAL OTHER FINANCING SOURCES AND (USES)	(800,000)	(442,495)	(800,000)	(357,505)
EXCESS OF REVENUES AND TRANSFERS IN OVER EXPENDITURES (OUT)	-	-	55,957	55,957
FUND BALANCES - BEGINNING OF THE YEAR	-	-	1,523,550	1,523,550
FUND BALANCES - END OF THE YEAR	$ -	$ -	$ 1,579,507	$ 1,579,507

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)
10/1/2009	$ -	$ 396,208	$ 396,208	0.00%	$ 841,337	47.1%
9/30/2012	-	99,019	99,019	0.00%	616,094	16.1%
10/1/2013	-	26,955	26,955	0.00%	598,713	4.5%

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
2011	$ 45,795	$ 46,093	$ 19,662	42.7%	$ 52,564
2012	16,304	16,347	-	0.0%	68,911
2013	16,630	16,687	-	0.0%	85,598
2014	(1,209)	(6,345)	-	0.0%	79,253
2015	(1,118)	(5,873)	68	N/A	73,312

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 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 26, 2016.

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.

Board of Trustees
Barefoot Bay Recreation District

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.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
January 26, 2016

MOORE STEPHENS LOVELACE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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, 2015.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
January 26, 2016

MOORE STEPHENS LOVELACE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2015, and have issued our report thereon dated January 26, 2016.

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 and Schedule

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 January 26, 2016, 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

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires 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.

Board of Trustees
Barefoot Bay Recreation District

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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, requires 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, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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.

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, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
January 26, 2016